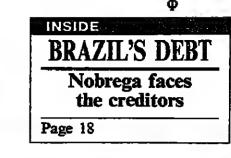
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**EUROPE'S BUSINESS NEWSPAPER FINANCIAL TIMES** 

Tuesday July 19 1988





ENT IS

# markets

**Companies** and

No. 30.593

Today the FT introduces a redesigned front page for the second section of the paper, incorporating several new services. The paga includes major international corporate news, a daily feature stricle, and a round-up of chiel share price changes in the leading world centres. The new page also includes an index of companies covered in the section and a detailed contents guide.

## World News Moscow rejects Armenian demands

An emergency session of the presidium of the Supreme Soviet in Moscow rejected Armenian demands for the Armenian deniands for the region of Nagorno-Karabakh to be transferred to the neigh-bouring republic of Azerbaijan, either to Armenia itself, or to direct rule from Moscow. Page

#### UK pressed to ease night flying rules

Problems for holiday passen-gers at UK airports eased hut the underlying difficulties of air traffic control disputes in continental Europe persisted. Pressure was growing for immediate action by the UK Government to ease the crisis, for example by easing rules on night jet flights. Europe's air traffic chaos, Page 2

#### Meese report.

Former US Attorney-General Edwin Meese filed a false income tax return and violated criminal conflict-of-interest statutes, but no trial was warranted, a special prosecutor's report concluded. Page 3

Shultz attacks Seoul **US Secretary of State George** Shultz stirred up growing anti-American feeling in South Korea with remarks about one-sided trade practices. Page-

Soviet war games About 17,000 East German and

## **Business Summary** Schindler to purchase Westinghouse lift assets

SCHINDLER, world's second-largest lift maker, has agreed to purchase for an undisclosed sum the lift manu facturing interests of Wes-tinghouse Electric of the US in the most significant restructuring in the lift indus-try for many years. Page 19 PEACHEY PROPERTY, UK

property company, and Werel-dehave, second-largest Dutch property group, are involved a £255m bid battle over the UK company. Page 19 RANKS HOVIS McDougail,

UK bakeries and foods group, is severing all banking links with Midland Bank, leading UK clearing bank following the bank's Samuel Montagu corporate finance subsidiary's involvement in the proposed bid for the bakeries and food group being prepared by Syd-ney-based Goodman Fielder Wattie, Page 19

PORSCHE, West German sports car group, plans to shed more than half of its 207 domestic dealers in the next five years and break with the Volkswagen/Audi dealership network. Page 21

GENERAL MOTORS, world's largest automotive concern, plans to devote a much bigen share of its capital spending. to new product programmes, said Robert Stempel, company president. Page 20. FOREIGN EXCHANGES: From

Dukakis and Jackson embrace party unity today, currencies and share. market information - which would normally appear in this column - will be found in the By Stewart Fleming, Lionel Barber and Peter Riddell in Atlanta, Georgia the certain Democratic Presi-dential candidate, yesterday gave the Rev Jesse Jackson the public embrace he has been seeking, probably heading off a redesigned markets panel at the bottom of this page ... CANADIAN PACIFIC. big Canadian transport, energy and industrial group, is expected to announce the sale of lamaging clash with the party's left wing at the Demo-cratic National Convention. its 53 per cent controlling ... interest in Algoma Steel, Can-ada's third largest steel com-pany. Page 20 After a three-hour meeting at the Dukakis campaign head-quarters here, both men put on APPLE, Californian-based pera display of unity which the sonal computer manufacturer, Massachusetts governor said continued to enjoy strong growth in revenues and profits in the latest quarter with a net income of \$91.3m or 71 cents a share in the three months ended July 1. Page 20 APT, joint venture of American Telephone and Telegraph and Philips of the Netherlands, reported its net loss in 1987 fell to FI 20m (\$9.4m), from FI 70m the previous year. Page NISSAN, the Japanese car group, is expected to meet stiff

# Elated Perez de Cuellar ready to open talks which could end eight years of conflict Iran ceasefire agreement raises hopes of Gulf peace

By Andrew Gowers, Middle East Editor, in London



in 10 days Ottarine ins but sceptical •Wary Iraq adopt us opti OUN enjoys Security Council PAGE 16 The peace of



Ceasefire decision: Iranian President Ali Khamenei (left) and Ali Rafsanjani, chief of the armed forces

had been made personally by Ayatollah Ruhollah Khomeini, the country's spiritual leader

"The Islamic Republic finally made an historic and impor-tant decision which, with the Imam's decision to accept a ceasefire, will open a new chapter in our history," he said, adding that the decision had been cleared at a meeting of senior religious and political

position on the war, and fol-lows a series of diplomatic, political and military setbacks for the Tehran leadership. Since 1982, Ayatollah Khomeini has vowed that the conflict would continue until Iraqi President Saddam Hussein was overthrown. Ever since resolu-tion 598 was passed a year ago tomorrow, the Iranian leader-ship has stalled, saying it was only acceptable in parts.

The reaction from Iraq yes terday was intensely suspi-cious. Mr Latif Nassif al-Jas-

**Oil prices** rise in response to truce news By Max Wilkinson, Resources Editor, in

D 8523 A

sem, Baghdad's Information Minister, said the Iranian state-London Minister, sale the iranian state-ment appeared to be "tactical" and did not stem from a desire for real, enduring peace. He said iraq had no official know-ledge of the announcement. In Western capitals and lookmap in the arch model prices rose steeply

yesterday after news that Iran had accepted a ceasefire, because traders believed a peace settlement might help Gulf producers to agree to production cuts. However, analysts within and outside the major oil com-panies were sceptical whether an ending of the Gulf war would significantly alter the balance of forces within the oil market market.

In Europe yesterday, the price of Breut Blend crude rose by 0.875 cents compared with the level on Friday from \$14.23 to \$15.10 per barrel. By midday, the price of light crude on the New York Mer-cantile Exchange had risen 70 cents to \$15.55. cents to \$15.55.

Mr Peter Bentel, oil analyst st Elders Futures in New York said part of the rise reflected technical factors in the mar-ket. Traders also believed the increased hope of peace would reduce the incentive for Saudi Arabia to depress the price. Some sectors of the market believe Sandi Arabia has been

encouraged to move to mar-ket-related prices aud sell crude from floating storage, partly because it thought lower crude prices would hurt Iran's war effort.

said it followed the expansion of the Gulf war to "unprece-dented dimensions, hringing However, Mr Joe Stanislaw other countries into the way oil analyst for Cambridge Energy Research associates of and even engulfing innocent civilians." Massachusetts said a peace "In this context, we have treaty between Iran and Iraq decided to officially declare that the Islamic Republic of would not mean much for the oll industry even though it Iran - because of the imporwould remove oue problem for Opec.

tance it attaches to saving the lives of human beings and the establishment of justice and regional and international Despite the attacks on shipping and rocket attacks on the Iranian terminal st Kharg Island in the Gulf, the war is peace and security – accepts Security Council Resolution 596," the letter added. Continued on Page 18

## **UK** interest rates raised as dollar shrugs off intervention By Simon Holberton and David Barchard

in London

BRITAIN yesterday increased interest rates for the sixth time in seven weeks. The decision came as major central banks launched another attempt to stem the rise in the dollar with both the US Federal Reserve joining a concerted round of intervention by European cen-tral banks lead by the Bundes-bank, West Germany's central bank. The dollar shrugged off

much of the intervention and sterling rose by more than 2 plennigs to close at DM3.1425 and on the Bank of England's trade-weighted sterling index at 75.1 compared with 74.6 on Friday.

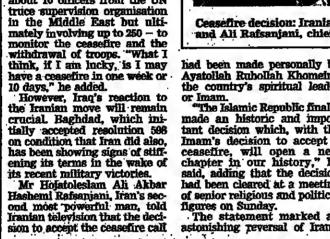
Borrowing costs for British industry and home owners are set to rise. Building societies are poised to raise their mortgage rates by up to 2 percent-age points after the major clearing banks responded to a signal from the Bank of England and increased their base rates to 10% per cent from

10 per cent. Most building societies believe that a further base rate increase is in the offing. Hali-fax, the largest UK huilding society, is now expected to put its rates up from August 1 from 9.8 per cent to between 11.25 and 11.75 per cent. This would mean an extra £37.50 net per month for the holder of s £30,000 endowment mortgage.

Most analysts thought a rise in rates to 11 per cent was a distinct possibility in the short term. In the mouey market, interest rates on three-mouth interbank sterling deposits hovered around 11 per cent all day, an indication that the market was looking for another ½ a percentage point. Expectations of a further rise

in interest rates were fuelled by comments made yesterday by Sir Alan Walters, the Prime Minister's former ecouomic adviser, when he implicitly criticised the Chancellor's policy of shadowing the D-Mark.

Sir Alan, who is discussing his return to Downing Street, d the arrival of his prominent role in the autumn overwhelmingly represented at said, "We have to atone with these higher interest rates for the lower interest rates we enjoyed a few months ago." The Treasury, however, rejects Sir Alan's suggestion that it was mistaken to lower interest rates to 7% per cent two months ago in response to the pound's rise against the **Continued on Page 18** UK tax revenues; house prices; Page 5; Lex, Page 18



figures on Sunday. The statement marked an astonishing preversal of Iran's

PAGE 4

OEditorial con UAE



Soviet troops would hold joint military exercises south of Berlin from July 24 to 30 and foreign observers have been invited, East Germany said.

#### **Diplomat** charged

Norway's bonorary consul in . Guinea was charged with forging documents in connection with the illegal dumping of . 15,000 tonnes of incinerator ash in the country .....

#### Squatters ousted

About 600 riot police used truncheons and water cannon to evict 200 people from Amster-dem's last squatter enclave after a two-hour battle with hundreds of residents and sympathisers.

#### EC aids Third World

The European Community said it was giving more than \$120m in grants and loans to the Third World and African countrics would receive the major share.

#### Sri Lanka rail blast

Tamil guerrillas blew up a rail-way line in northern Sri Lanka, disrupting train ser-

#### **Canaries clash**

4

At least 35 people were injured in fighting between police and striking fishermen in Las Palmas, Canary Islands.

**Hong Kong typhoon** Hong Kong prepared Itself for on Warren as the storm headed across the South China Sea with winds gusting up to 95mph. Page 4

#### MARKETS

Yen	STERLING New York :	STOCK INDICES
Yan per S	\$ 1.6755 (1.6610)	Dow Jones Ind, Av.
120	London	2117.89 (-11.56)
	\$ 1.6695 (1.6535)	S&P Comp
125	DM 3,1425 (3.1200)	270.51 (-1.54)
	FFr 10,5875 (10.5200)	London
	SFr 2,6075 (2,5850)	FT-SE 100
130 - 130 - 1	Y 224.75 (225.00)	1,849.3 (-12.2)
	DOLLAR	World (yesterday'a
	New York :	close):
135 Jan 1985		126.19 (-1.0)
	PFr 6:3150 (6.3685)	Tokyo
	SFr 1.5545 (1.5675)	Nikkel Ava
KTEREST RATES	Y134,45 (135.45)	27,682.12 (-251.67)
JS (lunchtime)	Londoo:	Frenkturt
Pederal Funds 77 %	- DM 1.8820 (1.8760)	Commerzbank
Smith Treasury Bills.	FFr 6.9425 (6.3250)	1493.1 (-1.7)
	SFr 1.5825 (1.5545)	
ong Bond: 955	Y134,70 (135.25)	OIL
rield 9.250%		Brent 15-day (Argus)
london	GOLD	\$ 15.10 (+ 875)
-month interbank:	New YorkComex Aug.	West Tex Crude
lose 1033 (104)	438.8 (8.39pm) London: \$435.7 (438)	\$ 15.725 (+1.00)

· .

BANCO SANTANDER, large Spanish private banking group said it had increased its consolidated group pre-tax profits 37.1 per cent to Pta28.016bn (\$228.4m) in the first half of this year. Page 21

> ROBERT M. Bass, Texas investment company, has begun a tender offer for Mac-millan, New-York based publishing group,at \$75 per share. Page 20

IFIL, key holding companies of Agnelli family, is to form a 50-50 joint company with Accor, French hotels and catering concern, to develop a chain of three and four star hotels in Italy. Page 21

sca, by Swenian bleat holes in di-ucts group, agreed to buy ital-carta, Italy's largest corrugated board and recycled paper prod-ucts manufacturer, for about SKr500m (\$78.7m). Page 21

plant do not comply with their interpretation of European local content. The amount of European-produced parts in the UK manufactured cars is between 60 and 65 per cent while the French are insisting SCA, big Swedish forest prod-

on at least 80 per cent. The French Peugeot car group would like to see this increased. even more. The UK Department of Trade

grope .

**Vocid** Trade

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CONTENTS

50 10 - 10

- 1. S. M. 3

ermber presidential election.

Governor Dukakis paid tribute to Mr Jackson, his closest rival in past months of campaigning, as s "great and inspi-rational leader" and pledged that the black civil rights leader would be "actively and fully involved" in his presidential campaign this autumn. Mr Jackson, looking confident and satisfied, spoke of the two men's common immigrant

own ancestors in slave ships.

"We made the judgment not to let our ships pass in the night," he told a packed press

conference. The meeting in downtown Atlanta followed a series of demands by Mr Jackson aimed at furthering his own political ambitions and strengthening the voice of the left in the Democratic Party. Mr Jackson had sought a

campaign, the integration of his staff with the Dukakis team, a role in a post-election transition team and access to a future President Dukakis, in the event of a November vic-

maintain a presence "commen-surate with the threat."

The letter from President

Khamenei released at the UN yesterday linked Iran's deci-

sion to accept resolution 598 to the recent shooting down by

the US Navy of an Iranian

civilian airliner over the Gulf, with the loss of 290 lives. He

This is far more than losers in previous American presidential nominating races have ever sought, but Mr Jackson has generated great support among party activists who are

this year's convention. Mr Jackson is also pressing for changes in the party's electoral platform, largely written by the Dukakis camp, and diff ferences are still unresolved. It remained unclear yester

day bow far Mr Dukak-is - who controls the majority the convention's delegates of Continued on Page 18 Democratic aides bury differ-

AL 180

and the strength of the state

ences for Dukakis, Page 3

YOU WOULDN'T BE THE FIRST

TO BUILD YOUR NEW

PREMISES IN PETERBOROUGH.

# **France likely to resist exports** of Nissan's British-built cars

By Paul Betts in Paris and Terry Dodsworth in London

and Industry, which has encouraged the Nissan invest-ment in the North East partly with a view to developing car resistance in France over its efforts to start exporting its UK manufactured cars to the exports, said yesterday that Nissan's Sunderland plant French market later this year. . The British authorities are aiready met the European Community rules. These state planning to press Nissan's case with the new French Socialist Government, arguing that the Nissan Bluebirds manufac-tured at Sunderland, Tyne andthat the "last substantial manufacturing operation" should

take place in the EC. Exploratory talks are going on between the UK and French Wear should be treated as Governments, and the British anthorities have arranged a European cars and not Japa-However, the French author-ities claim that the cars manu-factured at the Sunderland visit to the Sunderland plant by French officials to examine by French officials to examine the status or production there. Officials the EC have also vis-ited the facility. Nissan itself has underlined

its conviction that it is meeting the EC requirements by establishing its own sales subsidiary in Italy, the most protected market against Japanese cars in Western Europe. "The Brit-ish Government says that we are making a European car, and we firmly believe that

there will be no problem in exporting our products," the company said yesterday. The Japanese-owned com-

pany is planning to start exporting UK-manufactured Bluebird mid-range saloons next October to various European markets, including France. Shipments are expec-ted to amount to about 10,000 cars during 1968, building up to roughly 20,000 next year. "We shall reach a local content level of 70 per cent by the end of this upper "the semanation" of this year," the company said.

France has operated an unofficial quota on Japanese car imports since the late 1970s, limiting them to 3 per cent of total new registrations in a

The Nissan UK exports would be included in the 8 per cent limit unless the British authorities succeed in softening the French position. Nissan to build second model

in US, Page 24

30 Observer

Madrid: Scandal of anti-basqua murdar cam-Grosz' US tour confirms high paign hinders the fight against ETA. regard for Hungary in West Hungarian party chief and prime minister Karoly Grosz arrives Technology: Computar graphics put nearly everything in the picture . in the US today for a Editorial comment: Iran opts for a ceasefire; unsolved issues in electricity \_\_\_\_\_\_ 16 nine-day tour with news of his plans for Japan foreign affairs: A new ambassador to political reform in the London worthy of Tokyo's new status ... West's most favourite East European nation. **Banking:** Shortly to become the first industry Page 2 regulated by world-wide accord .... Lex: Markets; RHM/Midland; Amstrad; Tomkins; Atlantic Computers Apriculture Arte-Revie Financial Futures . World Guid ommercial Law Current

torial C Editorial Ca Eurobonds

26-27



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## **EUROPEAN NEWS**

# EC urges East bloc to act quickly on arms

18.

#### By William Dawkins in Athens

EUROPEAN Community Foreign Ministers yesterday called on Eastern bloc countries to act quickly on their recent plea for progress on con-ventional arms control.

But EC member-states gave a qualified welcome to the appeal made by last week's Warsaw Pact meeting for a 35nation summit on arms reductiou, as long as it would include the US, Canada, and Western and Eastern Europe. Officials of several member-

ouncials of several member-states said they could accept such a meeting as long as it was in the framework of the couveutional arms talks, planned to take place in Vienna.

In a joint statement, they stressed that the best way to lay the ground for an accord on conventional arms stability was to get "a balanced and substantial" conclusion to the current Conference on Security and Co-operation (CSCE) in Vienna, which is understood to be the possible forum for the Warsaw Pact's proposed sum-

mit. "This is a very favourable and positive development within the overall climate between East and West," said Mr Karolos Papoulias, the Greek Foreign Minister, who bended unstandar's political or

 who headed yesterday's political co -operation meeting.
 "While some member-states were cantious over the speed at which such a summit should be called, they all welcomed the Warsaw Pact's accentance the Warsaw Pact's acceptance that any cuts in conventional forces must fall more heavily on the Eastern bloc because of its numerical superiority, and that there must stringent veri-fication of any conventional arms deal." Both points had been big

obstacles to conventional arms talks between East and West.

This positive development should now be transformed, into acts," said the statement; one of the EC's furthest-reaching contributions yet to the politics of arms control, a sub-ject which has taken increasing prominence in Community

affairs over the past year. Those keen to tread with care included Britain, the Netherlands, and Belgium, whose Foreign Minister, Mr Leo Tindemans proposed that all of a two-day informal ministerial meeting in October be devoted to East-West relations. France, West Germany and Greece were meanwhile urging that conventional arms talks

should start as soon as possi-There was a general anxiety

that our response should not lead us to neglect the interests of our own security," Sir Geoff-rey Howe, Britiain's Foreign Minister, said shortly before flying back to Britain for a meeting with Mr Hans-Dietrich Genscher, the West German

Foreign Minister. The conventional arms stability talks (CST), scheduled to take place in Vienna, cannot start until the CSCE discus-sions have ended.

**Papoulias:** Positive

That depends on resolving a split in Vienna over whether or not CST should include dualcapable systems, as demanded by the Warsaw Pact and resisted by the West – the key security matter at issue.

An agreement on human rights issues has also been linked by the West to an over-

Several EC member-states are anxious that these issues should not lose prominence in the haste to follow up the War-saw Pact's ideas.

Foreign Ministers also renewed their appeals to the South African Government to free Mr Nelson Mandela, the former African National Con-gress leader who yesterday cel-ebrated his 70th birthday.

They are to consider tighten-ing up the current code of con-duct governing the labour practices of Community com-panies operating in South Africa, on the basis of a 14-point plan put forward by Mr Genscher.

## Scandal complicates fight against Eta **EC** butter melts away but beef builds up By Tim Dickson in

Brussels UNTIL "1992" came along the infamous butter mountain was for many people the dominant image of the European Com-munity. It may thus be appro-priate that as the focus of polit-

ical attention moves rapidly elsewhere the Brussels authorities appear to have their most notorious farm surplus problem under control The European Commission confirmed yesterday that it has just agreed to sell 100,000 tonnes of elderly butter to the

tonnes of elderly butter to the Soviet Union, effectively set-ting the seal on an emergency stock disposal programme begun in some desperation at the start of 1987. That complex plan - involv-ing financial support of Ecu3.2bn (£2.1bn) from the member states to be paid back in equal instalments out of the Community's own budget over

in equal instalments out of the Community's own budget over the next four years - because necessary because of the unprecedented build-up of dairy stocks in the early and mid-1980s and the downward pressure which they were exerting on world prices. In early 1987 EC butter stocks exceeded 1.3m. tonnes, while the amount of unwanted skimmed milk powder to store was close to Im tonnes, Elgh-

By Our Foreign Staff

PROBLEMS FOR holiday passengers at UK airports eased yesterday, as airlines and airport staffs throughout ensed yetterday, as arrines and sirport staffs throughout the country sought to over-come the chaos in schedules created by the weekend's dis-ruption. However, the underly-ing problems of air traffic con-trol (ATC) disputes on the Continent persisted. The threatened strike by all French air traffic controllers was eventually reduced to a walk-out by one union, the Communist-led CGT, which cut French ATC activities by about 30 per cent. Most affected were French internal flights, with only 92 ont of 251 scheduled internal flights being operated. Pressure was growing for some immediate action by the UK Government to ease the crisis, for example by reducing temporarily the strict rules on night jet flights. The Air Transport Users was close to im tunnes. Eighteen months later the butter surplus (after the latest sale) is down to a "normal" level of 300,000 tonnes and a mere 30,000-40,800 tonnes of skimmed

30,000-40,000 townes of skimmed milk powder is lying in stores. A Commission spokesman said yesterday that, under the emergency programme, 528,000 townes of butter had been exported to non-EC markets, 400,000 townes have gone to the animal feed industry, and 53,000 townes had been sold for concentrated butter. "With this latest sale." he

concentrated butter. "With this latest sale," he added, "we have reached by July the target we set our-selves for the end of the year". Premature rejoicing in Brus-sels, however, would be ill-ad-vised. First there is the huge cost of the conciler putted

The Air Transport Users Committee, representing pas-sengers' interests, argued that "the good of the many must visel. First there is the nuge cost of the exercise required to bridge the gap between the guaranteed Community price which producers are paid for their butter and the price which is received (less than a fanth of that in some cases): when it comes not to the override the interests of the few. The powerful people have got to be pursuaded. At pres-ent, if an aircraft arrives too late at Gatwick, it has to be. when it comes out of the "intervention" stores. diverted. That is quite unreasonahle Mr David Kydd, public rela-tions director of the Interna-tional Air Transport Associa-tion, said: "We do feel that the regulations should be stretched

According to the Commis-sion, the Ecu3.2bn have already been exhausted and the latest sale to the Soviet Union (at a price not yet dis-closed) has been "financed" out of meinstern buildeters out of mainstream budgetary resources.

The other point is that while

tough action taken to carb

dairy surpluses appears to be preventing a build-up of new stocks, the same cannot be said

# By Peter Bruce in Madrid SPAIN'S NEW Interior Minister flew to Paris at short. Minister new to Fails at short, notice yesterday for private talks with his French counter-part amid signs that co-opera-tion on combating Basque ter-rorism faces new difficulties and thus the Sexual way here he

and that the Spanish may be resigned to failure in their attempts to negotiate a peace with the Eta separatist move-

Mr Jose Luis Corcuera, picked as Interior Minister in Mr Felipe Gonzalez's cabinet reshuffle 10 days ago was due to dine with Mr Pierre Joze

to dine with Mr Pierre Jone yesterday evening. Their dis-cussion is bound to have been dominated by two themes: Growing evidence that Basque police, and, possibly, the Madrid Interior Ministry itself, have been giving physi-cal and financial support to a clandestine campaign to mur-der Spaniah Basques in exile in France. Frain

• The apparent hopelessness - given a large Eta arms find

EUROPE'S AIR TRAFFIC CHAOS

last week and the kidnapping of a senior Spanish industrial-ist - of continuing to talk to Eta leaders in exile in Algeria in 1984. about ways to brings an end to

the separatist war. Mr Concuera, a Besque trade unionist, flew to Paris yester-day as a Madrid newspaper published damaging revela-tions about the activities of GAL, the shadown suit term. tions about the activities of GAL, the shadowy anti-terror-ist mercenary unit alleged to have been run by Mr Jose Amedo, a senior policeman in Bilbao and which is said to have killed 28 suspected Bta members in exile in France

etween 1983 and 1996. between 1985 and 1985. Mr Amedo and a jurior effi-cer on the same force were. jalled, pending trial, last week by a judge investigating French allegations that they

were the chief organisers of GAL. The newspaper Diario 16 claimed yesterday that French magistrates investigating the deaths of several Basque exlics had alleged that Mr Amedo

Concuera is the evident point-lessness of continuing to try and talk to entied Eta leaders. These talks are believed to The newspaper also reported

beliaved false identification documents given to GAL mer-cenaries recruited by Mr Amedo were printed at police headquarters in Bilbao. The French already have a warrant out for Mr Amedo's arrest and extradition on charges of organising GAL and another, for murder, may follow.

low. That would be extremely dif-ficult for Mr Corcuera. Madrid has been greatly helped by the French in the past year in con-taining Eta to exile and the French authorities have made several important arrests. But it might be difficult to continue such close co-operation in the face constantly unfulfilled French extradition demands.

#### dence given to French police have found a workshop for by captured GAL members. making granades and mortane had himself shot Eugenio Gutierres Salazar, alias "Tigre". Another complication for Mr

that French investigators believed false identification

Chastian

The Spanish Government appears to have no effort to investigate GAL in spite of evi-

These talks are believed to have started about a year ago. They were interrupted by an Eta bombing last December and again in February when the movement's Madrid com-mand kidnapped a property ty coon. Mr Emiliano Revilla, who has still not been released. Since then Eta has shot sev-eral people in the Baaque com-try, continued to try to extort money from Baaque businesses and, last week, was found to be planning an attack out a neval ceremony and regatta in San The conjects with Ets leaf-ers in Algeria were always con-troverstal and shrouded in secrecy. Spain insisted they were simply about talks if Eta stopped killing people. But it is far from clear whicher the leaders in Algeria still have sufficiently in Spain and, any-way, Mr Gonzaler's new cabi-net appears to be taking a much harder line. ceremony and regatta in San The so-called Bonosto com-mando had equipped itself with rocket launchers and also

Mr Emigae Magica, the new Justice Minister, told newspa-pers over the weekend that he is "radically opposed to any political negotiations with Eta". He said that "we are in the final phase of terrorism although no one can say how long its total eradication will take". planned ettacks against the civilian administration in Guipozcoa. A few days later French police were reported to

Alitalia UK pressed to lift night flight ban chief offers to quit By Alan Friedman in Milan

MR UMBERTO NORDIO. the MR UMBERTO NORDIO, the embattled chairman of Alitalia, finally iendered his resignation last night, 10 days after the executive committee of the IRI state holding group, the Ballan aktime's majority shareholder, informed Mr Nordio he no loa-ger had their confidence. The cambative Mr Nordio, whose allegedly poor manage-ment of Alitalia has become a national political controversy, refased to stap down on July 7, when his majority shareholder acted to oust infm. The affair exploded Inst

making grenades and mortars in the home of one of the founders of Eta, Mr Inlen

Madarlaga, in the south of

The conjucts with Ets lead-

acted to ous: hnn. The affair exploded last month when it emerged that Prof Romano Prodi, the IRI chairman, had accused the Ali-talia chief of "myopic manage-ment" and "reactionary poli-cies". Mr Nordio has rejected all criticians, but numerous politicians have claimed that his tenure at Alitalia might have resulted in a turnaround

have resulted in a turnaround from loss to profit, but at the expense of the airline's long-auffering pussengers. The past few months have seen unprecedented chaos in halian air traffic. Alitalia has been int by'a series of work, stoppages by pilots, air traffic controllers, flight attendants, ground staff, airport services staff and others. Mr Nordio has been existised in particular for-not, inglituting a japatitle ser-vice on the heavily-travelled and chronically delayed Milan-Rome flights.

Rome flights. IRI has described the condiind has described the condi-tion of domestic passengers on Alitalia's monopoly routes as desperate and Prof Prodi has warned that Alitalia is extremely volcerable to compe-

countries. This is attributed to the fact that many of the UK charter airlines, especially some of the smaller ones, are operating on tight financial margins, requir-tion the and comotives as But two out of the three con-trollers unions (including the biggest independent union) decided on Sunday evening to cancel their proposed strike action. Despite the lifting of the strike, the situation remained highly confused and chaotic although there were-more flights than expected tak-ing off and landing at Paris, yesterday.

ing off and landing at Parls yesterlay. The French Government intervened swiftly to try to defines the air controllers' threatened labour action by proposing to pay a special bonus to the controllers and promising to hire 70 new con-trollers to the anture. Domestic air travel, how-ever, continues to risk heavy disruptions this weak with the Air Inter pilots deciding to renew their labour action which has made domestic air travel to France a nightmare this year, especially for busi-ness invellers. Although Paris has suffered like everywhere else from the congestion in Europeen air space this summer, the French anthorities claims the problem has not been as pronounced as in the UK because French air ports have been undertaking a major programme to improve and modernise flight control systems. None the less, Parls - hep-suffered from the repercus-sions of congestion in ether: European air spaces. Spanish airports were oper-ating at near normal capacity yesteriay after the stoppage by French air traffic controllers, However, three unions have called for a strike by airpoit

ver, three called for a strike by airport personnel on July 28 and 29 and Angust 9. The flost stop-page would also coincide with French airports have suf-fered more turmoil than usual this year as a result of a long page would also coincide with a planned strike by cabin attendants on Iberia, the Span-ish national airline. West German air travellers have not been facing the same massive delays as Britons try-ing to flee abroad at the week-end. But long waits at airports have become an increasing feastrike by the pilots of Air Inter, the domestic airline, and the general congestion of French air space. But the chaos risked reaching a peak during the last few days when French air traffic controllers decided to strike again to secure new wage comhave become an increasing fea-ture this summer as a result of mitments from the govern-

> The agreement, which has an importance far beyond Flat and is likely to set the stan-dard for 1m other engineering

workers in Italian industry

route overcrowding. The Defence and Transport ministries in Bonn have been trying to co-ordinate better military and civil flights in But two out of the three consome areas to case congestion. Mr Juergen Warnke, the Transport Minister, has also been seeking a way of diverting some international routes over West Germany through East German altspace. A spokesman for the national carrier Luthansa said

national carrier Lufthansa said yesterday that no concrete signs had emerged that conges-tion, had improved over the past few weeks. Lufthansa says its aeroplanes have put in an extra 4,000 hours flying time in the first six months this year because of the need to circle to holding patterns over Buro-pean airports. This has burnt up an extra DM 40 m worth of finel. Swedish charter operators fuel. Swedich charter operators say that the problems in Rurope are not their main worry this summer. There are some delays on flights to Majorca, a very popular desti-nation for Swedes, because of

problems over Frankfurt, but this is not so far causing cancellations from customers. There seems to be no svi-dence of cancellations of trips to Athens, despite the shooting episode last week.

episode last week. Charter operators say the biggest problem is. Sweden's-brilliant summer weather, with almost uninterrapted sumshine during May and June, and tem-peratures of over 25 degrees centrigrade, which has kept would be sum-worshippers at bone as far. With too many

"If all air traffic controllers in Europe and all the ATC. systems had been working, with the same efficiency and dedication last week as ours have, this position would not have, this position would not have, this position would not have arisen. It is the atrines who are responsible for their own schedules." But record numbers of pes-sengers and flights expected over the part two weeks as the

over the next two weeks as the peak annual holiday season gets under way will continue-to throw considerable strains on the ATC system, and some

delays must be expected. A spokesman at Gatwick yesterday said that there were still delays, "but things are now a good deal better and

Fiat signs pay deal for 170,000 workers

ing two and sometimes as many as three out-and-back flights a day to holiday an-ports around the Mediterranean, without any back-up airnean, without any back-up alr-craft to meet emergencies. As a result, when things go wrong, there is no way they can escape delays, thus forcing them either to place their pas-sengers in *hotels*, incurring heavy extra costs, or leave them waiting for many hours in airport lounges. Mr Christopher Tugendhat, chairman of the Civil Aviation Authority, yesterday repeated

Authority, yesterday repeated his weekend rejection of accu-sations that his authority was the cause of the chaos. "I reject that", he declared. "If all air traffic controllers in

# against terrorism at sea

Greece urges EC action

#### By Andriana lerodiaconou in Athens

GREECE yesterday proposed the adoption of European Community measures against mari-time terrorist attacks, of the kind which a week ago cost the lives of nine people aboard the Greek cruise ship City of Poros.

Greece, which holds the EC presidency until December, had said in the wake of the attack that it would launch an initiative to promote co-opera-tion against terrorism on the level of the Community. "The Mediterranean coun-

tries of the EC with extensive sea borders face e new threat which we need to tackle." Mr Karolos Papoulias, the Greek Foreign Minister, said at the end of a one-day meeting of foreign ministers in Athena.

The issue will be discussed at a forthcoming meeting of the Trevi Group, the EC forum for security co-operation, on the level of foreign ministry representatives to Brussels on French Foreign Minister, Mr Roland Dumas, on Sunday July 20.

Mr Papoulias had earlier night.

of other sectors. briefed his EC collesgues on the details of the City of Poros Forecasts suggest that incident, and the progress so far of investigations into the attack

Forecasts suggest that thanks in large part to the one-off "bonus" of this year's crop disaster to the United States, EC cereal stocks could be significantly lower than their level of almost 10m tomes at the end of June. But Athens was continuing to insist yesterday on the identification by eye-witnesses of e 23-year-old Frenchman, Mr the short-term situation in Laurent Vigneron, who was among the nine victims of the wine and beef is much more City of Porce incident, as a member of the terrorist team worrying.

The EC is expected shortly to confirm a beef sale of 200,000 tonnes to Moscow, but overall stocks have been rising in the actually involved. According to the Greek authorities passengers had seen Mr Vigneron firing a weapon during the attack.

Paris had reacted angrily over the weekend to the Greek amouncement implicating Mr Vigneron. The resulting ror. was defused to time to prevent a spill-over to yesterday's EC meeting, however, in a spe-cially arranged private dinner between Mr Papoulias and the French Foreign Minister, Mr production, new quantities have been coming in at the rate of 10,000 tonnes a month. The Commission, mean-

while, is expected to spree pro-posals for a major disposal pro-gramme for wine alcohol at its esting in Brussels tomorrow .

By Alan Friedman

past 12 months - from 637,000 tonnes at the end of June 1987 agreement on a new pay deal covering 170,000 engineering to 760,000 tonnes at the end of last month - and, despite car-lier price measures to reduce workers.

workers. The deal, which calls for a one off simul payment based on the company's performance, has resulted in a serious split among the three main Italian trade union confederations. After a weekend of mounting

to allow the quiet jets to land outside the currently allowed

Others include the Interna-

Passengers Associations, and the Civil Aviation Authority itself, which said recently that

such an easement "would not lead to a marked increase to also disturbance ito residents round the sirport ~ Gatwick]".

Gatwick, as the world's sec-ond busiest international air-port, has suffered worse than

any other European airport to

the past few weeks, as a result of disputes by air traffic con-trollers in Greece and other

disarray among the unions, two of which signed an initial

FIAT, Italy's largest agreement with Flat on Satur-private-sector conglomerate, yesterday reached a definitive agreement on a new pay deal and UTL representatives -

100 per cent. I received 63 per cent to a secret ballot which is

look like improving."

ment.

calls for a 1968 lump sum pay-ment roughly equivalent to a 5-per cent increase on the aver-age L1 im (2478) Flat worker's monthly wage. Next year, the agreement, which ties the bonus payment to the company's performance.

home so far. With too many seats on the market, tour operators have been forced to rely on last-minute sales and dis-Flight delays at Amster-

tition from more efficient for-eign airlines should they dam's Schiphol Airport essed yesterday with most delays amounting to less than two hours, Fewer passengers at Schiphol and fewer labour 1992. scripping and rever labour strikes at European airports were credited with the improvement. But delays are expected to continue.

decide to compete in Italy after the liberalisation moves related to the opening up of Europe's internal market in **Pesticide** plant

The explosion has already caused local authorities to declare beaches unsafe and is

expected to result in thousands

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shut after explosion By Alan Friedman

THE ITALIAN Government than half the 1998 amount. yesterday ordered the immedi-ate closure of a Montedison group pesticide plant in the Tuscan port of Massa Carrara

The division between CGIL and the other two unions is a Tracan port of Massa Carrara after an explosion and a seri-ous fire at the plant on Sunday released a cloud of what were said to be toxic gases. Meanwhile, magistrates in Massa yesterday opened an investigation into the fire at the plant, which is part of Far-moglant, a Montedison subsid-iary. Thousands of people abandoned their homes on cause for concern among Ital-ian organised labour. Yester-day's deal is the first comprehensive agreement between Flat and its engineering workers since July of 1977.

The company said yesterday it planned to award the pay-ment to all its engineering workers, whether CGIL signs ahandoned their homes calls for a payment of not leas ... or not. Sunday and 200 people went to hospital complaining of sore throats, burning eyes and dizzi-

Grosz visit to US confirms Hungary's standing in West Washington most wants to hear from the party leader about his plans for political reform, writes Leslie Colitt

HE Hungarian party

the Hungarian party chief, Mr Karoly Grosz, fresh from his talks with Mr Mikhail Gorbachev, today begins a nine-day visit to the United States which will underscore Hungary's position as the West's favourite East European nation.

Ironically, not so many years ago that role was still played by Romania's President Mico-lae Ceausescu. Bucharest, how-ever, is now embrolled in a bitter war of words with Hungary over its treatment of the Hun-garian minority in Romania.

Mr Ceausescu was the last of Moscow's allies to visit the US in 1978 and has since become Eastern Europe's leading bogeyman because of his harsh domestic regime. By contrast, senior US officials have praised Budapest's "exemplary human rights record.

Mr Grosz, who puts in a punishing 12-bour work day as party leader and Prime Minis-ter, will visit 15 US cities where he will concentrate on meeting American businessmen and bankers.

A second sec second sec

He will confer with President Ronald Reagan, Vice-President George Bush, and representa-tives of the International Mon-etary Fund and the World Bank Aldeauch Burger Bank. Although Hungary remains creditworthy, he will no doubt brief those institu-Minority views in the past were not tolerated. tions on the economic pain Hungary is enduring as a result of its \$18bn gross debt. Even more important, for a

But US officials will be espe-cially interested in hearing Mr Grosz's plans for the liberalisation of Hungary's political system, which is to proceed apace with economic reforms.

with economic rearms. Mr Gorbachev gets along extremely well with the Hun-garian leader, who now has Moscow's full support in carry-ing out economic and political reforms which far exceed those envised in the Soviet Union envisaged in the Soviet Union. Mr Grosz predicted in a recent interview that the day

was "not far off" when candi-dates representing "different platforms" in the Hungarian demands by some deputies for a freely-elected Parliament Communist Party would compete in elections. The basis for his forecast was a unique pol-icy statement adopted by the which could act to check the powers of the ruling party. Hungarian deputies provided

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party conference last May which brought him to power. The document notes for the first time that party members holding minority opinions can openly express their positions and have the right to seek a re-examination of their views. Minority views in the past an inkling of what is hoped will become routine practice in Parliament at its recent summer sestion.

The party's central commit-tee had put forward Mr Istvan Stadinger as its choice for the new president of Parliament who it expected would be routinely approved, slong with a new Deputy Speaker, Mr Lajos Horvath.

Sven more important, for a good many Hungarians, is the prospect of some form of legis-lative control over the party. This would mean giving teeth to the ornate but largely cere-monial Hungarian Parliament which meets only four times a way to average blue defend he But an independent deputy, Mr Zoltan Kiraly, objected, not-ing that Parliament had no choice and proceeded to pro-pose a second candidate. Another deputy rose and nomi-nated a third candidate. A lively debate ensued and a pro-posal was made that the elecyear to approve hills drafted by the party and government. The party says it intends to strengthen Parliament's role tion be put off until the next section. But it was decided to go ahead with the vote and in the secret ballot Mr Stadinger by "democratising" elections to it - increasing the number of non-party deputies - and by permitting greater legislative control of economic policy. But was elected with 222 votes to 129 against, and Mr Horvath with a larger majority. this falls far short of the Interviewed afterwards on Hungarian television. Mr Sta-dinger said he was more grati-fied by the result than if it had

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and a lower house.

which everyone will give their opinions," Mr Gross remarked. been "some false, monolithic

statement? It says the party "must not" take over the functions of the state and speaks of a "division of labour" between. party and government,

Mr Gross replied that he would retain the post of Prime Minister as "long as I must heep it". He was convinced, though, that the two posts should be "separated" for at least a docade.

The party in the future, he said, would draw a "little bit" further" away from managing the nation's daily affairs. Instead, it would deal with "concepts, approaches and gen-eral ideas". At the same time he made it plain that the party would not relinquish its lead-ing role in a more pluralistic Jungary.

Mr Gross, who has swung iron a conservative to a more reform-minded position in recent years emphasised that the pace of the reforms would be "firmer and faster" than under his predecessor, Mr. Janos Kadar. But the direction radical political change are mounting fast and in Hungaty's worsening economic situa-tion patience may be a scarce commodity.

of cancellations from tourists. The plant has been the target of environmentalists for nearly of reforms was another matter. "When we say reform it does

But preasures from below for

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three years, with repeated alle gations being made that safety conditions were inadequate. not mean we clean out the entire stable," he said.

A company spokesman in Milan had no comment other than to describe details of the Recently Mr Gross permitted hundreds of Hungarians to eather in a Budapest connectivy explosion and to deny that the cloud was toxic. to commemorate the execution 30 years ago of Mr Inne Nagy, ler during the 1956 uprising. But an attempt to stage a rally the same day in the cen-tre of Budapest was thwarted by the authorities. It was an example of how far Mr Gross is FINANCIAL TIMES

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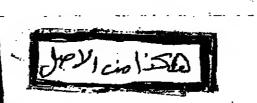
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Published by the Financial Times (Burope) Ltd., Finakturt Branch, nepro-sented by E.Huge, Frankfurt/Main, and, as members of the Board of Direc-tors, F. Bartow, R.A.F. McClean, G.T.S. Damer, M.C. Gonnan, D.E.F. Psimer, London. Printor: Finalifurter Societasts-Druscherei-GrabH, Frank-I fart/Main. Responsible editor: G.D. Own, Financial Times, Bucken House, Cammon Street, London EC4P 4517. 6 The Fridancial Times, Ltd, 1988. prepared to go to engage in a dialogue with the opposition. "A new superstructure is being built," he said, "a new type of thinking, a new philos-ophy and it takes time. We are doing something today which has not as yet been done by anyone. We need patience."

FINANCIAL TIMES, USPS No. 19060, published deily except Sundays and holidays. US subscriptions rates 5965.00 per annum. Second-clease post-age and at New York NY and at addi-tional mailing offices. POSIMASTER, und atdress change to: FINANCIAL TIMES, 14 East 60th Stoset, New York, NY 10022.



"political culture" to permit a "highly demanding" Parlia-ment to function as in Britain. "My consolation is that it

took some 790 years to shape Parliament in Britain," he said. A new draft constitution is to be submitted to Parliament in 1980 at which time it will be decided whether to retain the much criticised Presidential

Council (an executive arm of the party) or to create an upper "We shall devote two or three years to the debate in

Did not his own dual func-tion as Prime Minister for the past year and now party leader clash with the party's policy

Mr Gross, however, left no doubt that the "demand for democracy without limits" would not be met. Hungarians, he asserted, had not yet reached a sufficient level of

## **AMERICAN NEWS**

Stewart Fleming in Atlanta profiles two veterans of the Kennedy era with a key role in this week's convention

## 'Not enough Democratic aides set to bury their differences for Dukakis evidence' to prosecute Meese

#### By Nancy Dunne in Washington

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MR Edwin Meese, the US attorney general, filed a false 1985 income tax return and violated criminal conflict of in-terest statutes, but evidence against him is insufficient to warrant prosecution, accord-ing to a report by the special

The S14-page report contains allegations that Mr Meese's conduct "probably violated the criminal law" but it also found "there is no evidence that Mr Meese acted from motivation for personal gain".

merse actes from modvation for personal gain". The report is something of an anti-climax. The attorney general resigned almost two weeks ago, capturing head-lines with the prounounce-ment that he had been "vindi-cated" by the failure of Mr James McKay, the special connsel, to seek an indictment. Mr Meese and Mr George Bush, the Vice-President and future Republican presidential candidate, were fortunate in the timing of the report's release. All attention yester day was focused on the Demo-cratic convention in Atlanta. Mr McKay's report is replete hief offe Mr McKay's report is replete with embarrassing. details of Mr Meese's activities. He filed Mr Meese's activities. He filed his 1985 tax returns late and did not declare capital gains – or pay taxes on them – because he did not have the necessary documents. He thus "willfully" broke the law by filing a false return, the spe-cial coursel said. ial counsel said. Much of the blame seems to

have been placed on Mr Meese's "habit of procrastination in such matters and the higher priority-he gave to

other concerns". Mr Meese also probably vio-lated a criminal conflict-of-in-terest law when he partici-pated in decisions he knew would benefit the regional Bell Telephone Companies, the report said.

Mr McKay's investiation initially centred on help the the attorney general had given to Wedtech Corporation, a defence contractor, whose offi-cials have been charged with bribery. The independent counsel, however, found that "currently available evidencedoes not show any criminal, wrongdoing by Mr Meese".

F Stuart Bizenstat, who was President Jimmy Carter's top domestic policy adviser, first encountered Governor Michael Dukakis's 35-year-old campaign manager. Miss Susan Estrich, in 1980.

That was, to put it mildly, a time: of tension within the Democratic Party, perticularly between the Carter Adminis-tration. and Senator Edward Kennedy, for whom Miss Estrich was working.

Mr Kennedy, then the leader of the party's liberal wing, was vainly challenging the incum-bent President for the party's 1980 presidential nomination, and in the process damaging Mr Carter's re-election pros-pects. pects.

Miss-Estrich, then in her mid-20s, was Senator Kenne-dy's deputy issues director and one of his representatives in the tense negotiations over the wording of the party's platform.

Recalling those confrontations yesterday, Mr Eizenstat remarked that, after years

**CONVENTION NOTEBOOK** 

dealing with domestic policies - including four years in the White House with Mr Carter -he prided himself on his know-ledge of both the politics and the substance of the issues. "I more than met my equal when I dealt with Susan," he

remarked yesterday, adding that he was startled that a per-son then only in her mid-20s was "equally tough, equally knowledgeable, and equally adept at playing the policy issues to her side's advantage." Miss Estrich took over as the

Governor's campaign manager at a rocky moment late in 1967, after Mr Dukakis had been forced to accept the resignation of Mr John Sasso, e man widely seen as having played a critical role in his successful period as Governor of Massa-

But Mr Sasso had distributed to the press a so-called "attack video" of Senator Joe Biden, then one of the Dukakis camp's rivals for the party's presidential nomination, only

To say that the assembled

to be caught out trying to disguise its origins. Since then, Miss Estrich,



Governor Dukakis and Mr Jackson at their press conference yesterday

whose determination shows when she clenches her teeth, broadly all at the same time,

paign organisation to rival the Republican machine established over almost a decade by Vice President George Bush, the certain Republican candi-

date for President. For the past few days, how-ever, she has been one of e handful of Dukakis advisers who have been intermittently who have been intermittently closeted with top aides to the Reverend Jesse Jackson, trying to defuse the threat to party unity posed by the magnetic black leader's demands that he and his staff be given e leading role in the election campaign in the autumn in the autumn.

For e defeated candidate, the black leader's demands, backed up with veiled threats that he will disrupt the convention with floor fights over the party's philosophy, have no precedent in modern times. Defeated candidates normally do not have the political skill, or the sail to press such or the gall to press such

demands so aggressively. Like most party leaders here, Mr Eizenstat has been convinced for some time that Mr Jackson, after exploiting the leverage he has to the limit,

would reach an agreement with the Dukakis camp. "Jackson knows he will have greater influence in the party."

But, because he sees Mr Jackson as the leader of the left-wing rump of the Demo-cratic Party and because Mr Jackson is not a man who is easily controlled, he concedes that this integration may not be easy to accomplish. On the other hand, because Mr Jackson is black, Mr Eizen-

stat says the Democrats cannot turn their back on him. Not only is the black vote "very critical in the South," he says, in addition to reject Rev Jackson would be "to turn our backs on our history and some of our (party's) proudest moments," fighting for civil

rights. But if the Democrats' commitment to victory in Novem-ber, and the importance they attach to achieving unity in pursuit of this goal, are the driving forces which have begun to dispel the threat of a disruptive convention a critical ingredient, too, has been the abilities of the top edvisers in

both campaigns to work together to resolve their differences

Ou this score, it has cer-tainly helped that the man who has been leading Mr Jack-son's team, Mr Ron Brown, an extraordinarily eble lawyer, and an experienced political operator well-known in the Dukakis camp.

Mr Brown is another veteran of Senator Edward Kennedy's Senate staff working as deputy campaign manager in 1980 at the same time as Miss Estrich.

Subsequently, in 1980 during stint at Harvard's Kennedy School of Government in Bos-ton, Massachusetts, Mr Brown got to know several of the peo-ple involved in the Dukakis campaign.

With this background, it is With this background, if is not surprising that the specula-tion in Atlanta is that, amongst the various Jackson campaign people that Governor Dukakis is likely to recruit, Mr Brown's name is frequently montioned as an individual mentioned as an individual likely to be asked to occupy a top post.

has masterminded the con-struction of a nationwide camjuts out her jaw, and smiles

# Jackson, consummate newsmaker, towers over press corps

#### **By Lionel Barber** in Atlanta

MUCH has been made of the Rev Jesse Jackson'e appeal to the poor folk of America, but not enough has been said about the pull he exerts over the national print and broadcasting media

Without Mr. Jackson and his pre-convention antics many of the 13,500 scribes here in Atlanta would be out of a job. He is the consummate newsmaker, whose pre-convention antics assured that he rather than the Democrats' cerrather than the Democrats' cer-tain presidential nominee, Gov-ernor Michael Dukakis, would dominate the early headlines. And Mr. Jackson, lest we for-get, still has tonight'a key-note convention speech to come. The symbiotic nature of Mr. Jackson's relationship with the

Jackson's relationship with the American media was laid bare on Sunday night when the black civil rights leader t flanked by huge black and white bodyguards, strode into a party thrown by the local newspaper, the Atlanta Consti-tution.

campaign oversight because there were more syndicated columnists per square foot than in most places in town that night. Then again, the governor initially sought to press corpa collectively swooned would be an exaggeration, but it is accurate to record that many a man and woman pressed through the crowds to shake hands and exchange words with the great insurgent. His physical pres-ence is overwhelming. Broad-shouldered and arch-backed, avoid e direct meeting with Mr Jackson, preferring to conduct negotiations on the election platform and future campaign strategy through his cenior staff, led by his old Harvard class mate, Mr Paul Brountas. The underlying question is what is the nature of the rela-tionship between Mr Dukakis stands well over six feet tall, towering over many of his interviewers as he looks them in the eye with that mischevtionship between Mr Dukakis and Mr Jackson. One of the governor's friends from Massa-chusetts says that Mr Dukak-is's basic misunderstanding is ious, penetrating gaze. One network news correspondent who has ridden on the Jackson campaign aircraft for the past several months describes Mr Jackson as a rock to treat Mr Jackson like any star: glamorous, imperious and utterly unpredictable — a wor-rying testimony for the Massaother ethnic immigrant. "He thinks that blacks started off like Greek American immigrants," said the friend, "but he forgets the history of slav-ery and all the other barriers Duke and Mrs T for blacks."

The absence of Governor Dukakis at the Atlanta Consti-tution party may have been a In this respect, Mr Dukakis may be a little like Mrs Mar-garet Thatcher who has always

given short shrift to special pleading by blacks - seeking instead to make individual achievement and enterprise, the ultimate measure of civic merit. Who said the "Duke" and Mrs T had little in common?

**Majestic Cronkite** The majestic Mr Walter Cronkite is back in the air this year. CBS News has placed the veteran anchorman next to his successor. Mr Dan Rather, described by a colleague as a "40 ton bundle of dynamite." Like all the networks, CBS has curtailed convention cover-

age to little more than two hours a night, and Mr Cronk-ite's reappearance adds a touch of class. But some CBS hands think that the Dan and Walter pairing could signal a return to Tension City, the famed live confrontation between Mr Bather and Vice-President George Bush. Mr Bather has

never been relaxed about sharing the screen, and his rela-tions with Mr Cronkite turned sour last year after he stalked off the air when CBS coverage of the US tennis Open cut into his news broadcast. Mr Cronkite suggested he should be dismissed

In their first on-air meeting, in the sky studio overlooking the convention floor, Mr Rather got his retaliation in first, grasping the hand of Mr Cronkite and thanking him profusely for joining the show. For one flickering moment, it appeared that even Walter was taken aback.

Mission to explain Americans have always felt "a mission to explain" is part of the political fabric. But it is hard to convey the extraordi-nary range of facilities afforded to those who are attending the convention, the first in the Deep South since 1860.

of course, there have been Tight security space inside the Omni conven-tion hall - e mere basketball stadium - but the adjacent World Congress Centre has a stunning array of exhibitions and information available about the city of Atlanta and this week's political deliberations

The space given to the world media amounts to several acres, more than two football fields placed end-to-end with special pedestrian paths such as Harry S. Truman Boulevard set up so no-one gets lost. The place is packed full of reporters, secretaries, computers, hook-ups, link-ups, hot-lines, and other electronic sophistry which sends the convention tyro's head spinning. And then there is the "Dial a Professor" an instant comment and analysis on the week's events pro-vided, via the telephone, by the

dons of Atlanta's top universi-

ties, Emory and Georgia Tech.

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Mr Andrew Young, the black mayor of Atlanta who served as President Jimmy Carter's ambassador to the United Nations, is obviously deter-mined to avoid any security problems during the conven-tion. Not only is the city's police out in force, but also the state troopers, with their widebrim mountie-style hats, are everywhere, backed by SWAT teams in combat fatigue and polished black army boots. Occasionally they appear to be a little over-enthusiastic, banging on this reporter's hotel dcor well after midnight with the fierce if improbable ques-tion: "This is security, is every-

thing all right?" In uormal circumstances, the answer would be "No." But in this hotel, home of the Democratic delegation from Rhode Island and Iowa, no ooe is tak-ing chances. The last thing Mr Young wants is another liberal mugged by reality.

## Death toll rises in Brazil drug swoops By ive Dawney in Rio de Janeiros of Instantia a state

HAIL of gunfire and a fresh harvest of corpses announced a new crackdown at the weekend by Brazil's federal police against Rio de Janeiro's tenacious cocaine traffickers:

As mopping up operations continued yesterday local newspapers were full of grue-some colour photos of the dead after some 250 officers com-pleted Operation Mosaic.2 - a bloody sequel to the February sweep when 30 alleged dealers were netted.

According to one report, 16 operation will be chalked up as died in the eight simultaneous a significant new victory in

raids carried out for the most. Brazil's war against the drugs part in the unmapped alleys of Rio's *favella* shanty towns, nor-mally "no-go areas" for honest trade. It follows on directly from February's bust of Mr Antonio "Little Tony the Turk" Nicolan in which 30 CODS alleged dealers were arrested As many as five innocent,

Caribbean balks at US policy

Canute James, in Antigua, reports on discord over narcotics

bystanders are said to have perished in the fire-fights, one of which continued for several hours. A Federal police officer said yesterday morning that a definite figure on the number of dead had still not been collated. Despite the hloodshed, the

The successes - clearly measurable in an estimated 50 per cent rise in the street value of

raids.

at 37 selling points.

chusetts governor.

cocaine in the city - have also revealed, however, a longfeared close linkage between the drugs gangs and the local police themselves.

Initial reports claim that 10 of those arrested were police officers while e well-known Rio lawyer was gunned down and killed for allegedly resisting Diaries and address books found during that swoop have since led to tens of arrests and, most probably, formed the basis for last weekend'a new arrest when his home was raided.

> How far the federal police operation has penetrated the upper-echelons of the ring remains unclear, however.

> > plices to justice, according to Mr Lester Bird, deputy prime minister of Antigua. "Many of

the countries have agreed to hot putsuit within their own

boundaries. The point is that the Carlb-bean feels that the domestic

imperatives of an election year in the US force certain people in parts of the American politi-cal process to step beyond what is acceptable in terms of international convention, and what is right for the sover-

eighty of a country - countries that are supposed to be most favoured nations, that have strong links with the United States"

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All these securities having been sold outside the United States of America.

this announcement appears as a matter of record only

# UNILEVER N.V.

Rotterdam, The Netherlands

## 3<sup>3</sup>/<sub>4</sub>% Bonds 1988-1995 of Swiss France 150,000,000

## and currency warrants issued by A HandelsBank NatWest

Zurich, Switzerland

#### HandelsBank NatWest

Banca del Gottardo Wirtschafts- und Privatbank Algemene Bank Nederland (Schweiz) Merrill Lynch Capital Markets AG

Aargauische Hypotheken- und Handelsbank Bank in Liechtenstein Aktiengesellschaft Banque de l'Union Européenne en Suisse S.A. Genössenschaftliche Zentralbank AG

Banque Vaudoise de Crédit Bank in Menziken Bank Linthgebiet-Sarganserland Regiobank beider Basel EKO Hypothekar- und Handelsbank Luzemer Landbank AG Standard Chartered Bank AG Banque Louis-Dreyfus en Suisse S.A. Banca del Sempione Banque Pariente Bank Langenthal Royal Trust Bank (Switzerland) Banque de Gestion Privée

Banque Nationale de Paris (Suisse) S.A. ANZ Securities (Switzerland) Ltd. Crédit Lyonnais Finanz AG Zürich Nomura (Switzerland) Ltd.

Nordfinanz Bank Zürich Kredietbank (Suisse) S.A. Clariden Bank Lloyds Bank Plc, Geneva Branch Amro Bank und Finanz Bank CIAL (Schweiz) - Crédit Industriel d'Alsace et de Lorraine AG-

Armand von Ernst & Cie AG Banco di Roma per la Svizzera Caisse d'Epargne du Valais Fuji Bank (Schweiz) AG Gewenbebank Baden Handelsfinanz Midland Bank Hypothekar- und Handelsbank Winterthur Maerki, Baumann & Co. AG Morgan Grenfell Securities S.A. Sparkasse Schwyz

Kyowa HB Finanz AG Bankers Trust AG Goldman Sachs Finanz AG S.G. Warburg Soditic SA

FTER their annual A summit in Antigua ear-lier this month the 13 political leaders of the Carlb-Cuba bean Economic Community. Calcos Is - · Atlantic Ocean (Caricom), wrote to President Ronald Reagan complaining ' Turks is ebout "a matter which threat-ens to create discord and divi-Virgin is Anguille Antigua & St. Kitts & Barbuca sion between the friendly nations of the region, on the one hand, and the United States on the other." Nevis 4. Montserrat . The leaders agreed that the US was being overcealous in its attempts to curb the illegal trafficking in narcotics. The Caribbean leaders, in tones which indicate restrained St.Lucia Caribbean Sea Grenada Barbedo 17 Tobac Trinidad anger, say Washington is over-reaching itself, indulging in extra-territorial jurisdiction, South America

undermining the sovereignty of the countries of the region and tampering with the judi-cial process in several states. The decision to send the latter With increased efforts to curb the flow of narcotics to the US, particularly cocaine from South America, smug-glers have turned to the Carib-bean archipelago, piggy-back-ing on established marijuana emugeting routes to President Reagan came out of the summit's discussion of political developments in the

Heads of government also concluded, when discussing Panama, that there was an unsavoury and damaging pat-tern to US attempts to deal

region.

with leaders and governments on drug trafficking. The letter says Carlcom is, concerned "at soma of the developments which have entered into the investigative and judicial processes of the United States in its afforts to deal with the scourge of drug abuse and the illicit trafficking in drugs. These have involved. attempts to extend domestic United States authority into the neighbouring countries of the region without regard for the sovereignty and indepen-dent legal systems of those countries " countries.

caricom leaders, said offi-cials at the summit, fear that US frastration at its inability US masuration at its mability to curb the smuggling could turn to attacks on govern-ments in the region. There have been indications of offi-cial involvement in drug smug-

Haiti, which has observer status in the Carlbbean Commu-nity, has been indicted on drug gling in the region over recent years. Former government ministers from the Turks and Calcos Islands, Suriname and Belize have been convicted in US courts for involvement in drugs. More recently, efforts are being made in the US to indict Pindling, the Prime

Sir Lynden Pindling, the Prime Minister of the Bahamas, over enforcement agencies. allegations of profit taking from drugs. A recent Senate hearing in Washington was

- . V. 

States." The letter to Mr Reagan makes the point that the Carib-bean Community countries, like the US administration, is against the illegal trafficking in narcotics, but it complains of "accusations are made in highly publicised proceedings by persons who are often contold by a convicted US drug smuggler that Mr Edward Seaga, the prime minister of Jamaica, was a beneficiary of profits from smuggling. Both prime ministers have wahemently denied the by persons who are often con-victed felons" and who "are permitted to assassinate the character of individuals out-side the United States without vehemently denied the charges. An official report in Trinidad and Tobago, commis-sioned before the change of government 18 months ago, concluded there has been offiregard for the rights of innocent persons. The leaders said they cial involvement in drug smug-ging. Col Jean-Claude Paul, a controversial military leader in

"deplote any effort on the part. of anyone to subvert the princi-ples of natural justice which are at the foundations of the democratic way of life of the Caricom countries."

Had Sir Lynden been the author of the letter, the tone A Jamaican husinessmen who was kidnapped at gun-point and taken aboard a boat would have been markedly more caustic. In a speech to the opening of the summit, he levelled a broadside at the US. in Montago Bay on the island's north coast, was later reported to be in the custody of US law "The fundamental principles of respect for our sovereignty and non-interference in our internal affairs, which were estab-lished by the Monroe Doc-Caribbean leaders are not objecting to efforts to deal with drug smuggling and bringing smugglers and their accomtrine ... appear to have gone by the board."

July 1988

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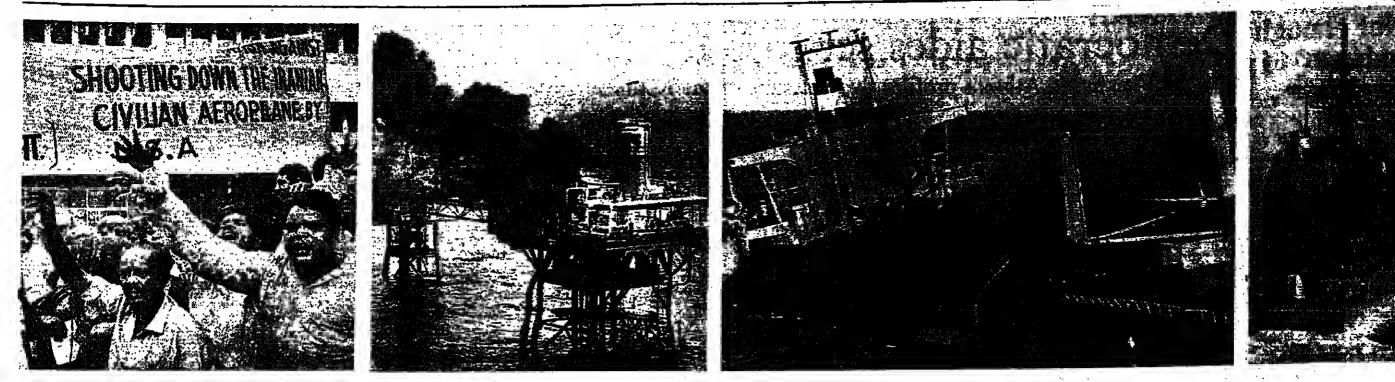
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## **CEASEFIRE IN THE GULF**



# Wary Iraq adopts cautious optimism over ceasefire

#### By Robin Allen in Baghdad

EARLY OFFICIAL Iraqi reaction to Iran's acceptance of UN Resolution 598 was one of extreme suspicion and wariness. Mr Latif Nassif Al-Jas-sem, Information Minister, said Iraq was keen to achieve peace according to the five principles laid down in August 1986 and repeated by President Sadam Hussein in his speech on Sun-day marking the twentieth annivarsary of the Baath

Socialist revolution. The five principles were: full and comprehensive withdrawal to internationally recognised borders; a comprehensive and speedy exchange of prisoners of war; the signing of a full peace and non-aggression pact; non-interference with the inter-

stresses Iran's previous lan-guage." Their statement, he added, "came from the same source that issued a call for general mobilisation – and the both countries should contrib-ute to stability and security in the region. Beyond that, Iraq had "no official knowledge of the anture of Iran's message to the UN Secretary General and we are still dealing with a news item announced from Radio one who wants true peace does not need general mobilisation. According to our previous experience with the Iranian Iran only". Mr Al-Jassem said: "The Ira-

nal affairs of each country;

regime, duty necessitates we be vigilant and in a state of preparedness until peace is really achieved." The leader of the 13-member nian High Command stateme explaining the reasons that caused the Iranians to adopt a new stand had not stemmed from a true wish to establish peace betwen the two parties National Council of Resistance and head of Iran's mujaheedin, and need of Iran's *mighteedin*, which claims to have 22 bri-gades fighting against Iran from Iraqi bases, said: "Iran must not be allowed to play for time and seek new opportuniand sign a lasting and compre-

hensive peace accord." Mr Al-Jassem said the IRNA. statement described Iraq as the

ties for adopting another ploy. aggressor - "a language that It must not be allowed to refrain from signing a peace treaty.

Diplomatic observers generally agreed the first priorities for Iraq will be to see that Res-olution 598 is applied in its entirety and that this depends entirety and that this depends on the full support of all mem-bers of the Security Council – including the Soviet Union, whose deputy Foreign Minis-ter, Mr Yuri Vorontsov, arrived in Baghdad on Sunday for talks with senior Iraqi officials. Diplomete also pointed to

Diplomats also pointed to Iraq's previous phase of false optimism after the resolution was passed last July, and the disillusion that set in hy the end of August when it was

clear the UN could not enforce the resolution.

They also pointed out that iraq is emphatic about having unimpeded access to the Shatt Al-Arab waterway and that the enforcement of this and other April

enforcement of this and other measures will be an arduous process replete with accusa-tions of treachery and aggres-sion from both sides. Unofficial Iraqi reaction to the news, however, was one of muted elation, as though peo-ple did not really believe the ceasefire has been agreed. But private street reaction was in marked contrast to the dour and heavy-handed official statements. statements

Diplomats said it was premature to talk of any demobilisation, however smallscale. had is in an economic stratijacket but people's expectations could rise sharply if the ceasefire was enforced and prolonged. Iraqi morale has improved since the February missile attacks on Tehran and espe-cially since the recovery of Iraqi territory which started in

Before the war Iraq was a country of widely differing reli-gious and ethnic groups and diplomats say the conflict has stamped tha country with a national identity out of sheer necessity, a cohesion main-tained by the state with great force. It is not likely to relax this force now. It is accepted that President Saddam Hussein

has an extraordinary grip on the country which will not be

Iraq is believed to be spend-ing about \$5.6bn annually on military imports, which is largely responsible for a bal-ance of payments deficit bast year of some \$6bn. They will need a large standing army for a long time and renewed lines of credit from creditor coun-tries who are hecoming increasingly concerned with the range of short term debt payments

Most importantly, it will be necessary to show the country that the last eight years, with their huge casualties, have been worthwhile.

resolution EXTRACTS from United Nations Security Council Reso-lution 598 (1987) adopted by the Security Council at its 2,750th meeting on July 30 1967: The Security Council, reaf-firming its resolution 582 (1966), deeply concerned, that, deeple its calls for a cosselire,

Security

Council

the conflict between Iran and Iraq continues unabated. ... deploring the initiation and continuation of the conflict, deploring also the hombing of purely civilian population cen-tres, attacks on neutral anip-

ping or civilian siccraft, the violation of international humanitarian law and other have of armed conflict, and, in particular, the use of chemical weapons contrary to obliga-tions under the 1925 Geneva Protocol... acting under Articles 39 and 40 of the Char-

ter of the UN: 1. Demands that, as a first step towards a negotisted settlement, Iran and Iraq observe an immediate consettre, disconin ministrate texture, actions on land, at see and in the air, and withdraw all forces to the internationally recognised

boundaries without delay. 2. Requests tha Secretary General to dispatch a team of United Nations Observers to verify, confirm and supervise the ceasefire and withdrawal and further requests the Secretary-General to make the necessary anange-ments in convultation with the parties and to submit a report therson to the Security Counc'll

# **Ceasefire may take** effect in 10 days

#### By Robin Pauley, Asia Editor

of Defence said in London last night: "We are monitoring the, MR Javier Perez de Cnellar, the UN Secretary General, said yesterday he hoped a ceasefire between Iran and Iraq could. take effect in a week or 10 days following Iran's acceptance of seen to have reduced, it would be premature to change our pattern of operations." The a Security Council ceasefire resolution

International political reaction to Iran's announcement was generally welcoming but heavily tinged with "wait-and-see" caution. Economic reaction was more enthusiastic with spot crude oil prices jumping - and the gold price falling - as traders guessed Shippers give cautious welcome

#### situation carefully. Until the tensions in the Gulf are clearly By Lynton McLain

THE PATTERN of commercial sailings in and out of the Gulf pattern of operations." The Foreign Office was more opti-mistic, saying the Iranian mova was an extraordinary and very welcome break-through. "On the face of it, it looks like we are on course for peace. All the signs are good," said another. is unlikely to change a great deal in the immediate future, despite the acceptance by Iran of the ceasefire which appears to have lifted the threat of mil-itary action against tankers operating in the Gulf. The news of a prospective. ceasefire was welcomed by the.

Within hours of Iran's announcement the Canadian shipping industry in London. It would remove the threat of a closure of the Straits of Hormuz, the bottleneck for all vessels wishing to enter the Gulf.

# UN enjoys new-found confidence

#### By James Buchan in New York

THE SURPRISE Iranian announcement was yesterday hailed as a long overdue fillip for the United Nations, which has seen its prestige and credibility as a world peacemaker drain away through nearly eight years of the war. Diplomats and government

officials say at least a part of the credit for Iran's decision to accept a ceasefire must go to the new-found cohesion of the UN Security Council, which unanimously passed Resolu-tion 598 a year ago and has since backed it np strongly." They say the US-Soviet co-open-They say the US-Soviet co-operation which made this persistence possible could create out

By Nick Bunker

WAR-WEARY marine insurers at Lloyd's of London greeted reports of an end to the Gulf conflict yesterday with expres-

sions of gratitude leavened

with a degree of scepticism. So many ships have been hit

flicts elsewhere in the world. "The UN could just turn out to be a useful forum for the superpowers in dealing with regional conflicts," said Mr Gary Sick, a US National Secu-rity Council member at the time of the 1979 Iranian seizure of the US embassy in Tehran. "I think this is a major break-through for the UN."

The Iranian offer is also seen as a boost for the UN staff and, above all, Mr Javier Perez de Cuellar, the Secretary General, who is credited in New York with keeping Resolution 598 alive in the foce of hostility alive in the face of hostility and suspicion from the Iranian

a diplomat said yesterday in New York.

But the Iranian offer to comply with Resolution 598 comes after eight years during which the conflict seemed to symboluse the weakness of the UN as the main international body dedicated to maintaining world Deace.

From the outset of the war, the Security Council faced deep Iranian distrust because it has not come out with a clear condemnation of the Iragi-invasion. This raised questions about the authority of the UN to mediate a conflict where tran insisted it was wronged finding the UN a useful place for resolving conflict ,and the Iran insisted it was wronged US is belatedly reaching the

cargo's value to cover a voyage-

to war zones such as Sirri

Island or ports on the Saudi Arabian or Iranian coastline.

News that a ceasefire by Iran

night be imminent reached the

underwriting room at about 2 pm yesterday. The first reac-tion from Mr Christopher

Rome, chairman of the Lloyd's

Underwriters Association, was: "It must be extremely good

news. Obviously, if a ceasefire holds it will undoubtedly lead

However, he warned that

underwriters were unlikely to begin cutting rates until they

to reduction in rates."

from the autumn of 1981, successive mediation efforts hy the UN staff. - including a mission by Mr Olof Palme, the late Swedish Prime Minister

who was appointed as special. representative - could not make much progress. make much progress. Diplomats say that it was US-Soviet rivalry which para-lysed the Security Council in the early 1980s and the new cordiality in superpower rela-tions since Mr Mikhail Gorba-chev took power in Moscow which has, strengthened the-council. The Soviet Ender is-finding the IDM a useful place

that Opec might be a more cohesive cartel if Iraq and Iran, hoth founder members, did stop fighting.

In Bahrain, Congressman William Dickinson, senior Republican on the US House of Representatives' Armed Forces Committee, said: "Maybe we can get the hell out of here. now. If they [Iran and Iraq] stop shooting up those tankers, we've got no business being

But there was a more guarded reaction in Washington. "If it's a step toward the end of this war, it certainly is a positive step. We hope that Iran follows through with it, said Mr Dan Howard of the US **Defence** Department.

The British who, like the Americans, have a strong naval presence in the Gulf equally guarded. The Ministry practical deeds.

Government announced that it was resuming normal diplomatic relations with Tehran. The two constries will exchange ambassadors within about a year and Canada hopes to reopen an embassy under a lower-ranking official by Octo-

said another.

ber Jordan and Egypt. strong backers of Iraq in the war, welcomed the latest developments. Mr Hani Khasawneh, Jordan's Information Minister, said it was an "honourable decision." But he added: "We are waiting

to see if they mean it." Both Britain and the US refused to predict whether or when their naval vessels might be pulled out of the region. The US has 27 ships in the region and Britain has nine.

US officials insisted they wanted to see how the Iranian statement was translated in

Shipping analysts in London said that while the pattern of vessel movements in the Gulf probably would not change greatly, it was likely that Iran would seek to boost its oil production and exports. Mercha bank analysts suggested Iran had funded its war hy oil exports and hy using its reserves. It might hy-pass Opec oil production quotas.

Container shipping and bulk shipping were likely to be less affected by any ceasefire. No boom in these trades can be expected, analysts forecast. Navy patrols are likely to continue in the Gulf. The Min-

So many ships have been hit. - culminating in an attack last Friday by Iranian gun-boats on the Liberian-regis-tered Sea Victory - that underwriters are hardly eager to begin cutting premium rates before receiving hard evidence that the unarity really cover istry of Defence said the Royal that the war is really over. Since the first shipping losses were reported in May 1981, 546 vessels are known to Navy Armilla Patroi for UK registered merchant vessels would continue.

of Resolution 598 a precedent side. "He has enjoyed the trust in the settling of regional con- of both sides and tha council,"

"have been attacked or dam-

aged in the area, 94 of them in

1968 alone, according to Mr Roger Lowes, casualty report-ing officer in the Lloyd's intel-

A further 75 vessels trapped in blocked Iranian waterways

since summer, 1980, have been

The impact of the conflict for the insurance market was at

its worst about seven months

ago. Between December 21 1987

and January 14 this year shi-

powners seeking to insure

their cargoes had to pay a pre-mium of 0.75 per cent of the

ligence department.

declared total losses.

under international law With Iran boycotting the UN said.

same conclusion," Mr Sich

had confirmation that the risk

of attacks really was receding.

"Wa've lost a great deal of money in the Guif, and there's

still a need for us to be receiv-

ing additional premiums to

make some of it up." As far as hull insurance is

concerned, premium rates for Gulf war risks - which are

decline only gradually.

Hong Kong | Shamir denies PLO

Mr Abu-Sharif claimed that

But Mr Moshe Shahal, the

war be released and repatri-ated without delay. Marine insurers relieved but still sceptical

5. Calls upon all other States to exercise the numost restraint and to refrain from any act which may lead to further ercalation and widening of the conflict, and thus to facilitate the implementation of the present resolution.

6. Requests the Secretary-General to explore, in consultation with Iran and the Iraq, the question of entrusting an impartial body with inquir-ing into responsibility for the conflict and to report to the Security Council as soon as possible

insured for periods of only two weeks at a time - are set in 8. Further requests the Secretary-General to examine, the open market in London. Mr in consultation with Iran and Rome expects that if the market behaves as it did during Iraq and with other States of the region, measures to enhance the security and staprevious conflicts, such as the Vietnam War, prices will bility of the region. . .

## OTHER OVERSEAS NEWS

# Free Mandela, says Afrikaner newspaper

#### By Anthony Robinson in Johannesburg

AFRIKANERDOM'S biggest circulation daily newspaper; Beeld, yesterday called for the release of Mr Nelson Mandela, the jailed African National

Congress leader, in an editorial marking his 70th birthday. Beeld, which usually sup-ports the National Party Gov-ernment, said Mr Mandela was a more effective part of the ANC's propaganda war in jail than as a free man. The Government was risking more by keeping him in jail than releas-ing him, it said: "There will never be a better time to free him than now."

Foreign reaction, and the sacks full of birthday mail from abroad, showed that Mr Mandela had acquired "a larg-er-than-life status" in jail which would be difficult to sustain once released, the editorial argued. Perhaps the most important

ANC's exiled president. Asked to explain the absence question to ask was whether South Africe wanted to go of big spontaneous demonstradown in history as a country which let an old man die in jall tions of support by ordinary black people, Mrs Mandela replied: "Not even the family while there was still a chance to negotiate with him about the aspirations of his people," would have welcomed demonstrations which would have exposed the masses to police intimidation."

Meanwhile Mrs Winnie Man-

Beeld concluded.

dela, wife of the jailed leader, yesterday presided over a low-key press conference in Organisere nevertheless appeared embarrassed at the ssive acceptance of govern-Johannesburg during which supporters read out telegrams ment bans on planned con-certs, football matches and from foreign politicians and other events in contrast to the churchman and a message from Mr Oliver Tamho, the mass support of millions who stayed away from work for three days in June to protest against new labour laws and the ban on 17 anti-apartheid organisation

• President François Mitter-rand has appealed to South Africa to free Mr Mandela

In a statement issued on Sunday night, Mr Mitterrand praised Mr Mandela's courage,

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saying he had devoted his life "to the service of the ideals of justice, dignity and liberty".

"At the moment whan France prepares to celebrate France prepares to celebrate the bicentennial of the revolu-tion and the Declaration of the Rights of Man, I appeal again to the South African Govern-ment to mark its desire to open a path for dialogue finally among the communities of South Africa by freeing Nelson Mandela." he said. Mandela," he said.

Mr Mitterrand's office said the President also sent a private message to Mrs Winnie Mandela.

boat people evacuated

#### By Our Correspondent in Hong Kong

NEARLY oue thousand Vietnamese boat people living on board two ferries in Hong Kong harbour were evacuated to shore camps yesterday, as Typhoon Warren approached.

Conditions in the already overcrowded refugee camps Cabinet. The wrangle was provoked by Mr Bassam Abu-Sharif, a spokesman for the Palestine Liberation Organisation, who are worsening as a result of the latest influx.

Adding to the problem, another 260 refugees in eight boats were picked off Hong. Kong yesterday, bringing to told a French agency reporter in Baghdad that Mr Shamir had offered to hand over over 4,500 the number of arriv-als since the Government introduced its screening policy administration of much of the occupied West Bank to the PLO in return for Palestinian for Vietnamese refugees one recognition of the Jewish State and an end to terrorism. month ago.

Many of those now arriving are being classified as eco-Mr Shamir had relayed these nomic migrants, and will therefore eventually be repa-triated to Vietnam under the proposals via President Nicolai" Ceausescu of Romania. Not surprisingly, as neither Likud terms of the new screening nor Labour wants to be seen as policy. Talks opened yesterday in

soft on the PLO, the Prime Minister's office immediately Bangkok aimed at establishing denied the story. a regional policy towards the boat people. Present were officials of the United Nations High Commission for Refugees Labour Energy Minister, retorted that Mr Shamir had put the ideas in writing to Mr as well as representatives of the Association of South East Asia Nations and Hong Kong.

#### deal on West Bank By Our Correspondent in Jerusalem IF ISRAELIS had any doubts that they were on the thresh-old of one of the most acrimo-mous general elections in 40 Prime Minister's chief of bureau, Mr Tzahi Hanegbi, of being involved, adding for good

measure that Mr Ariel Sharon, the Trade Minister, was pursu-ing the proposal during a visit this week to Bucharest. years, they must have been dis-abused by a bitter exchange yesterday between Mr Yitzbak Shamir, the right-wing Likud Prime Minister, and a Labour member of his "national unity"

Mr Shamir hit back yester day in an interview with Israel radio, accusing Mr Shahal of spreading "an obscene lie". Mr Avi Pazner, his spokesman, added: "The Prime Minister denies the whole story from A to Z. He never had, and never will have, anything to do with the PLO, directly or indirectly.

But that was not the end of the affair. The contentious proposais read very like a plan drafted a year ago by Mr. Moshe Amirav, a Likud activist, and supporters of the PLO in Arah East Jerusalem. Mr Amirav was subsequently repudiated by his party, from which he was forced to resign. Mr Amirav said yesterday that two days before leaving for Bucharest, Mr Shamir had succeasest. Mr Shamir nau asked him for a copy of his plan, which had been negoti-ated with the Prime Minister's knowledge but not with his approval. "Shamir wanted to Ceansescu. He accused know what agreements we unnamed Likud MPs and the came to," Mr Ambray said.

Shultz stirs anti-American feeling in S Korea

By Our Correspondent in Secul

MR George Sbultz, US Secretary of State, yesterday stirred up rather than soothed growing anti-American feeling in South Korea with trenchant remarks on one-sided trade practices.

He was far from apologetic about strong US demands for further opening up of the Sonth Korean markets to tobacco, beef and citrus prod-ncts. Mr Shultz had been Americanism, largely brought on hy the easing of import restrictions on US cigarettes. "You [South Korea] sall more grapes and tobacco in the United States than we sell here. You wouldn't like

Instead, he went on the offensive. He criticised the time it had taken South Korea to abide by Gett rulings (General Agreement on Tariffs and Trade) and the country's attitude to free trade.

"Some people want US markets to be open and that is as far as it goes," be said. "That's not an open world trading system. It has got to be recipro-

take more action. If by saying that I provoke anti-Americanism, so be it. I am going to stand up for the principles I believe in." The 1987 trade deficits

between the two countries was nearly \$10bn in South Korea's favour.

While far from conciliatory on the subject of trade imbal-ance, Mr Shaltz took the expec-ted line on democracy in South Korea, the military threat from North Korea, and the recent initiative by President Roh Tae Woo aimed at easing tension in the divided nation.

He praised the Korean people as "pace setters" in the worldwide trend towards democracy, and restated that US military forces would remain in South Korea "as long as the people and governments deem them necessary to ensure peace".

Mr Shultz said he was "upset" at the Soviet Union for snpplying surface-to-air missiles and MIG fighters to North Korea and wondered at the reasoning behind it.

High on the agenda during his discussions with President said.

Roh and Foreign Minister Choi

America to renew diplomatic

into anything". "Our behaviour will be based on what is most likely to be beneficial to the reduction of

sions on this peninsula," he

Kwang Soo was the South's overtures of rapprochement to the Communist North. These paved the way for

and trade ties with North Korea – suspended after ter-rorists blew up a Korean air-liner last year – but Mr Shultz said the US would not "jump

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## **WORLD TRADE NEWS**

Car plant closures reflect severe over-capacity

81

Dn

# Japan in Rs30bn deal to update Indian steelworks

By K.K. Sharma in New Delhi

A JAPANESE consortium consisting of Nippon Steel, NKK Corporation, Kawasai Steel, Sumitomo Metal Indus-tries and Kobe Steel has won a contract to modernise the government-owned Indian Iron and Steel Company (IISCO), a subsidiary of the Steel Author-

ity of India. An initial agreement with the Japanese consortium has been signed for carrying out an on-site survey of the steel-works at Burnpur and for submitting a report to the steel authority on its modernisation. The study, expected to begin later this month, will cover technical and commercial aspects of the contract for modernisation which is expected to cost Rs30hn (£1.25bn). The Japanese Government has so far indicated that it will

provide a soft loan of Y63bn (£253m) to cover the consulting engineering services compo-nent, but this is expected to be considerably enlarged later. The IISCO modernisation

contract is part of a substan-tially larger plan to modernise the entire Indian size! indus-iry, including the public-sector

plants at Durgapur, Rourkela, Bhilai and Bokaro, and the privately-owned Tata iron and steel company at Jamshedpur. The Soviet Union will get a big share of the contracts to modernise the Soviet-built plants at Bhilai and Bokaro. Soviet companies have also

kela plant.

company had made a profit of Rs264.4m in 1987-88 which is substantially higher than the bid for the Durgapur plant but the contract is expected to be won by British Steel Corpora-tion, while a West German group will modernise the Rourprevious year and enabled it to announce its first dividend earher than expected. Government approval for the new 1,000cc model has been obtained and its manufacture

The planned modernisation will take about six years and is from next year will be with 70 per cent Indian equipment and expected to generate orders for capital goods worth more than Reliance goods worth more than Reliance the set half of which. Will go to Indian companies. The Indian government-owned Maruti Udyog, the car components. Mr Krishnamoorthy agreed

that the company's plans for indigenisation were progress-ing slower than expected and this was because it did not manufacturing company in which Suzuki Motor of Japan has a 40 per cent share, will

this was because it du not want to sacrifice quality. The decision to make the new car means that it is now highly unlikely that govern-ment approval will be given to other applicants for collaborastart making a new 1,000cc model for the domestic market next year in addition to its highly popular 800cc cars and tion with Indian companies for

Part of the extra funds for the project will be provided by Suzuki which has raised its original 25 per cent stake in manufacture of new models The foreign companies con cerned include Honda of Japan

ROVER GROUP is to close its the company. It has now Cowley South works at Oxford and the Llanelli Pressings plant in South Wales with the decided to reinvest its Ralom share of Maruti's first 5 per cent dividend announced by Maruti's chairman, Mr V. loss of about 3,400 jobs. Krishnamoorthy, over the

The state-owned car-maker told union leaders of the deci-sion yesterday, three days after the terms were finally agreed for its acquisition by British Mr Krishnamoorthy said the Aerospace.

By Richard Tomkins

Cowley South, which employs about 2,500 assambl-ing the Montago and Maestro ranges, will be phased out dur-ing the early 1996s. Llanelli, which employs 900 making body pressings, will close in 1990

The announcement puts an end to intense speculation about Rover's plans for capac-ity reductions in the wake of disclosures made during last week's negotiations over BAe's proposed purchase of the

The European Commission closely tied its approval of a 2547m Government cash injec-tion into Rover to the car group's proposals for radical cuts in capacity, contained in its 198-92 cornerate plan its 1988-92 corporate plan.

Until then the proposals had remained a secret, but last-minuts reservations by BAe over the Commission's terms for the cash injection focused attention on the small print of the deal and brought the If the group had gone into the hands of another motor rationalisation plans to light.

	•	
Roy	er Group plan	ts
	Employees	Products
nghridge, Similighan	13,500	Assembles Mini, Metro, Rover 200; makes engines, gearboxes
wiey, Oxford: North Works South Works Body Plant	2,000 2,500 3,500	Rover 800 Montego, Masetro body panels
Services Musii, W täidlanda Vindon, Wills miny, Coventry	1,000 8,500 8,100 2,100	Land Rover Body pressings Administration, product & design
wes Lane, Ekmingheta	1,800	engineering Suspension, brakee, steering systems, engine components
uselit Proceinge, 8 Wales 19doc, Warwicks 1 Puels, Straingham	905 450 400	Body pressings R & D Fuel injection système, oil pumpe
ryced, S Weles	100	Small pressings, components

Rover emphasised that the decision to close the operations had been taken in the light of manufacturer, he said, the rationalisations and redundancies would have been much

had been taken in the ngit of severe over-capacity in some of its plants and was not infin-enced by BAe's proposed take-over. The corporate plan had been drawn np before BAe's approach, it said. Mr Graham Day, Rover's abatment told profess lacest The closures come as little surprise within the motor industry. Cowley South had been widely tipped as the most likely candidate for restructure ing because the two models in builds are both due for early cause the two models it chairman, told union leaders that the closures would have gone ahead whichever com-pany had taken Rover over. If the group had gone into The pressings operations are

damcy. Previous production plants closed down by Rover and its predecessors in the last 10 years include Speke (Liver-pool), Abingdon, near Oxford, Solibull and Canley in the suffering from overcapacity, eracacheted by Jaguar's recent decision to take its custom to a West Midlands.

#### Growth in economy **Rover cutback will cost 3,400 jobs** buoys tax revenues joint venture it is setting up

with GKN.

Mr Day told the unions that

the Austin Rover car subsid-

iary would concentrate small and medium car production at

Longbridge and executive car production at Cowley. Body pressing would be consultated on Swindon and Cowley.

on swinten and cowey. Trade unions, which had broadly welcomed the BAe takeover, yesterday reacted angrily to the closures, saying the plan had been carefully concealed from themselves and

the public while the takeover

went ahead. The Transport and General

Workers' Union said: "There is

no doubt that without the attention focused on Rover by

the takeover proposal, the workforce and the trade unloss, would not now be learning of the planned closures." There was not, however, an

There was not, however, an accompanying fireat of indus-trial action. Rover hopes that by giving a long lead-in time to the job losses, it will be able to achieve a high proportion of them through natural wastage, relocation or voluntary redun-

tion for homes will decline and prices level off. Fears of an imminent rise in

mortgage interest rates may also have affected demand.

Outside London the house price boom is continuing, according to the Institution. More than 90 per cent of estate agents questioned in Wales

reported price increases of more than 8 per cent during the three months to the end of June, Agents in the north-cast and north-west of Kigland also

reported rising demand for

Just over half of the 180

estate agents questioned by the

Institution in England and

Wales reported increases of more than 8 per cent during the three months. The First Time Buyers Asso-

dancy.

rises begin to slow

By Philip Stephens, Economics Correspondent

BUOYANT GROWTH in Britain's economy produced a further surge in tax revenues last month, suggesting that the surplus in the current financial year is likely to be twice the fSbn forecast by the Treasury

in the Badget. The overshoot will provide scope for both substantial scope for both substantial increases in public spending and for sizeable tax cuts in next year's Budget, although the current upsurge in infla-tionary pressures in the econ-omy is likely to encourage a cantious approach by the Trea-

sury. The Central Statistical Office The Cantral Statistical Children reported yesterday that there was public sector borrowing requirement of £39m in June. That meant that in the first three months of the 1988-89 year which began in April there was a net repayment on surplus of 21.6bn compared to

surplus of 21.5hn compared to the £1.5hn of borrowing in the same period a year earlier. The Treasury has already abandoned its forecast of a \$5hn surplus for the year but has declined to publish a new figure. It has similarly acknowledged that both the pace of economic growth and inflation will be higher than it expected - both factors likely to push up revenues - and that the current account deficit will above its original projec-tion of £4bn.

tion of £4bn. It is thought that the Trea-sury's unpublished forecasts point to growth this year of about 3% per cent, a rise in the annual inflation rate to a peak of 6 per cent certy in 1988 and a

widening in the current account gap to filtin. Yesterday's figures for the public sector borrowing requirement also indicate that the Government will overshoot its £5hn target for privatisation neceints.

In the first three months of the year receipts from asset sales totalled £2.80n and the Treasury will receive a further £2.2bn in August from the BP sale. That means that any receipts this year from the planned sale of British Steel in November will represent a overshoot in the £5bn target. sent an.

The impact on government, revenues of buoyant growth in earnings, consumer spending and company profits was reflected in a 9 per cent increase in far scents in the three months to June compared to the same period a year earlier. The Treasury cau-tioned that the increase did not

take account of the tax cuts announced in the Budget, which will reduce revenues from his month, Public spending, meanwhile,

has been remarkably subdued,

with supply expenditure, the

best proxy for departmental outlays, only I per cent higher in the first three months of the

inancial year than a year ear-

David Barchard writes:

Building societies are poised to raise their mortgage rates by

up to two percentage points in the wake of the banks' half a

point rise in base rates yester-

day. However, most societies believe that a further base rate

increase is in the offing and are delaying making any announcement for the next few

days. Halifax, the largest UK building society, is now expected to put its rates up from August 1

#### ECGD warns exporters **Business** in on trade with Hong Kong move on trade in services

#### By William Dulliorce in Geneva

PRIVATE businessmen from 10 countries have decided in Geneva to co-ordinate their efforts to influence the negotia tions on the liberalisation of world trade in services.

Coalitions of service indus-tries from five countries in the European Community - Bel-gium, Britain, the Netherlands, Spain and West Germany - and from the US, Japan, Australia, Canada and Sweden, agreed on

Canana ann Sweden, agreed on a paper spelling out the objec-tives they want to see realised in Gett's Uruguay Round. The aim, they said, should be an international agreement addressing the interests of both consumers and providers of corriger of services

It should be a legally binding document, setting out funda-mental principles for liberalis-ing the trade. The agreement should pro-vide a mechanism for adminis-

tering it and resolving dis-putes. It should open the way for specific negotiations on individual service activities.

The two-day meeting was the first time the 10 national groupings of service purveyors

By Peter Montagnon, World Trade Editor BRITAIN'S Export Credits wanted to remind customers of Guarantee Department has potential risks even in markets warned exporters about grow-ing commercial risks arising safe, he said. potential risks even in markets they traditionally regarded as safe, he said.

Following the introduction of a new marketing policy, business insured by the ECGD has begun to rise. Last year the department insured short-term events worth out of doing business with Hong Kong. "Claims due to default by private buyers in Hong Kong have worsened dramatically in the last year. And claims made to the ECGD have trebled, "bill manual and the black of short-term exports worth 11.2bn, an increase of 2 per cent. In the first three months while recoveries were mini-mal," it said in a newsletter to of the current year which started in April, the rate of increase has accelerated to 4

Its warning is related only to commercial risk in Hong Kong and does not represent an assessment of the longer-term political risk that might arise per cent. The ECGD gave no figures for its increase in claims against Hong Kong buyers, but it is understood that they as China prepares to take over the territory in 1997. But it is nonetheless rare for the ECGD relate to long-term capital goods sales as well as to single out a particular marshort-term exports.

Earlier, Mr Sosuke Uno, For-

eign Minister, told the ambas-sadors the Government would

strictly monitor moves by Jap-

Hong Kong's economy it said, was growing very rapidly. A spokesman said the warn-ing was part of a policy of exchanging more information "You must expect spectacu-lar successes in buoyant mar-kets - and some crashes at times," the spokesman said. with its customers which reflected the ECGD's more aggressive marketing effort. It

Japanese envoys warn on

JAPAN'S ambassadors to 18 also said he would try to pro-

trade to South Africa

# Safety to weigh in London house price oil licence awards

#### By Maurice Samuelson

GOVERNMENT THE yesterday promised to take account of oil companies' safety records when issuing its 11th round of licences to pro-duce oil in the North Sea and.

other British waters. Announcing the new areas to be offered to the oil indus-try, Mr Peter Morrison, Energy Minister of State, said:

"The safety record of appli-cants and their current arrangements in respect to safety will, as before, be factors taken into account in deciding the sward of licences." Whitehall officials conceded

that although safety was always considered in the licensing process, Mr Morrison's explicit reference to it yester-day underlined concern over the recent disaster on Occiden-

By Andrew Taylor, Construction Correspondent will be 212 blocks or part-blocks on offer in the 11th round, 50 per cent more than THE PACE of house price increases in London has alowed considerably during the in the 10th round.

Most of the new acreage is in the main oil producing areas of the North Sea, but for the first time areas east of Orkney and in Cardigan Bay off the coast of Wales will be on offer.

structured in such a way to ensure that acreage is not left unworked for long periods as has sometimes happened in the

they must complete an agreed work programme or relinquish half the licence area

tal's Piper Alpha, which remaining 50 per cent for up to claimed 166 lives. 30 years but if alber 12, years of, Since the late 1970s, licen. the 30 year term no field devel-sing, rounds, have been cont - opment has been approved the ducted every two years. There - licence might be withdrawn.

Except in some deep water blocks, licensees will have an initial six years, during which

end of June.

August 1 definite in ortgage tax clation yesterday warned that relief on single properties. the rand, the in proces, could. Potential, purchasers are bring an end to the property holding back from busing until boom, especially in-London; then in the hope that competi- and the pouth east.

end of June. The reports of a slowdown provide the most concrete evi-dence yet that the London house price boom could be coming to an end. At the same time, the survey shows the house price boom continuing unsheted in most other parts of England and Wales. One factor behind the Lon-don slowdown, estate agents say, is the approach of the August 1 deadline for the end-ing of multiple mortgage tax

They may then keep the remaining 50 per cent for up to

alowed considerably during the past few months. In some parts of the capital, house prices have been stand-ing still, according to the latest survey by the Royal Institution of Chartered Surveyors, which covers the three months to the The licences have also been

had sat down together to determine how to put across the businessmen's point of view, Ms Margaret Wigglesworth, executive director of the US Coalition of Service Industries,

Service providers and con-sumers will now be invited to co-operate with trade policy officials in their own capitals and in Geneva. The businessm

men are looking for "concrete progress" on an international services agreement by the time trade minis-ters meet in Montreal in December. The agreement should be

signed no later that at the end of the Uruguay Round to 1990. Among the principles the businessmen want included are the freedom to establish

branches, subsidiaries and joint ventures in other coun-

As many Gatt countries as possible should sign the ser-vices agreement, the business-men said, rebuffing sugges-tions that it might be confined to developed economies and a few newly industrialised nations

### **GEC contract** from Voice of America

By Hugo Dixon

GEC, the UK electronics group has won a contract which could eventually be worth \$150m (£88m) for supplying radio transmitters to Voice of America, the overseas broadcasting organisation funded by the US Government.

GEC said this would be the world's largest contract for high-powered transmitters. Its subsidiary. Marconi Communingn-powered transmitters. Its subsidiary, Marconi Communi-cation Systems, will initially be supplying Voice of America with 10 transmitters for \$57m. Voice of America has an

option, which it is expected to exercise, to buy a further 22 transmitters for \$83m. GEC said the contract had

been won after heavy competi-tion from US and European manufacturers.

As part of the deal, the group has agreed to finish manufacturing the transmitters in the US.

Mr Andrew Glasgow, Marconi's managing director, said he was confident the deal would unlock further contracts with broadcasters around the world

cern yesterday about Japan nations. industries' trade with South Africa, and said the Government should take "proper mea-sures" against this, a Foreign Ministry official said, AP

ket in this way.

reports from Tokyo. The official said the envoys ancee companies trading with South Africa, another ministry made the request in a meeting with Prime Minister Mr official said. Mr Uno had spo-ken at the opening of a three-Noboru Takeshita. day meeting of the envoys, he

The envoys also called for more Japanese economic aid to African nations and for Japan added. to invite African officials to visit Tokyo, he added. "We expect the visit to Japan

Recent (trade) figures (with South Africa) show a decline, but if there are firms that increase their trade volume this year, they will have to be socially disciplined," Mr Uno was quoted as saying. by African officials," Mr Tak-eshita was quoted as telling the envoys. The Prime Minister

# **Thomson shares \$300m** Hawk missile contract

#### By Paul Bette in Paris

ETAI

nomic.

THOMSON-CSF, the French state-controlled defence and The French group, like other European defence contractors, has been showing growing state-controlled defence and electronics group, has been awarded jointly with two other leading European defence con-iractors, MBB of West Ger-many and Selenia of Italy, a \$300m (£176m) contract to upgrade the Hawk Missile pro-gramme interest in US acquisitions at a time when several major US defence-related conglomerates have been seeking to shed some of their defence assets.

The contract has been awarded by the North Atlantic

company or 'momson-car, is also understood to be watching closely the situation at Zenith after the US electronics group announced it intended to sell, its tolevision set manufactur-ing subsidiary accounting for about 17 per cent of the US tolevision art worked. Treaty Organisation. The French group, which confirmed the Nato order yes-terday, is also interested in new acquisitions in the US to boost its defence operations. Mr Noel Cavelloux, head of television set market. Thomson's weapon systems branch, indicated that the The French group is also

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seeking extra capital funds from the French government to reduce the level of its French group was looking into the possibility of acquiring a defence subsidiary of Bendix from the US Allied group. indebtedness following the RCA acquisition,



Rajly Gandhi, has concentrated on commercial and economic ment has been a railways cooperation agreement which includes a provisional turnkey \$25m (£14.7m) award to the links during his three-day visit to Turkey rather than forging a new diplomatic alliance. state-owned Indian Railway His open agenda for talks with Turkey's Prime Minister, Construction for electrification of the Sincan-Eskisehir section Win Turgut Ozal, and senior Turkish officials has sought increased co-operation in all spheres, but particularly ecoof the Arifiye to Eskischir line.

A second agreement pro-vides for maritime co-operation in the use by either countries' vessels of their ports,

None the less, the mobil

By Nick Garnet

THE CONSTRUCTION boom in Britain has generated a huge increase in demand for lifts which is stretching the UK's production capacity and cam-ing tensions between construc-tion companies and Hit surplition companies and lift suppli-

ers. Sales of passenger-carrying lifts in the UK last year jumped by almost a quarter to 4,700 units are on course to rise a further 10 per cent this vear.

The unprecedented rise in demand has been partly responsible for a 20 per cent increase in the price of lift systems over the past two

It has also led to severe shortages of skilled installation workers and a re-think of ----

production policies by some lift makers. Otis, the US lift maker which is the UK market leader which is the UK market leader with a claimed 23 per cent share, is attempting to shift export work carried out at its Liverpool factory to other Otis plants outside Britain in order

plants outside Britain in order to free space and manpower. The total UK market for pas-senger lifts, dush waiters and lift repair and refurbishment work is about 2360m a year, according to the National Association of Lift Makers. Sales of massenger lifts are

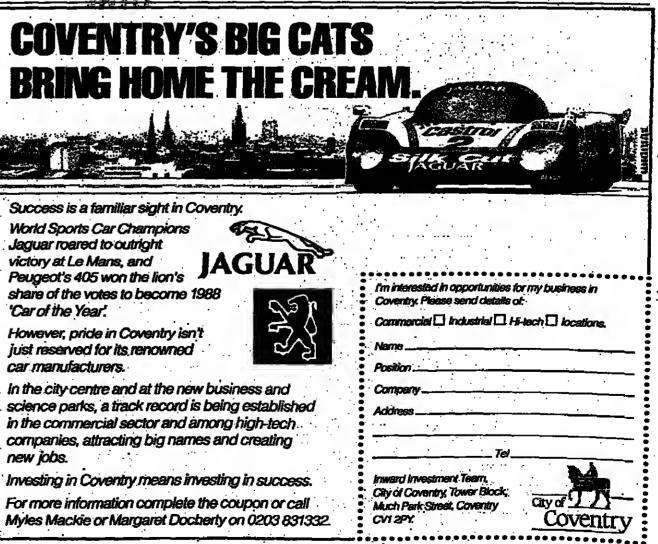
Sales of passenger lifts are dominated by foreign-owned companies, many of which have UK production sites. These include Schindler of Switzerland, Kone of Finland and Hammond and Champfor prime contracts because

ness, a subsidiary of the US Dover Corporation. The biggest UK-owned pro-ducer is Express, a GEC sub-sidiary which is the number two supplier behind Otis in the UK market. they are so busy. "We have heard of difficul-ties in the supply of lifts but it has not delayed any. of our jobs," said Bovis,

Mr. Mike Allan, director, of Trafalgar House's building Some of the multinationals are thought to be on the point of bringing in installation companies group which includes Trollope and Colls, said that due to "careful pre-planning" it was experiencing no humedisic problems in lift staff from the Continent to cover skill shortages in Britain. supply.

None the less, the problems do not appear to be causing delays to the hig construction projects in and around London where demand is strungest. But tensions are arising between lift makers and con-struction companies over delivery times. Some lift mak-ers are also declining to tender "However there is no doubt that the pressure is mounting and it is certainly becoming apparent that widely varying delivery times are becoming as important as the tender price of lifts."

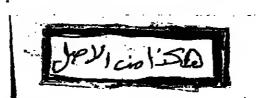
from 9.8 per cent to between 11.25 and 10.75 per cent. Westinghouse deal, Page 19'



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COPENHAGEN AARHUS

Copenhagen Ø (01) 134441 And ask

FINANCIAL TIMES

Thomson SA, the parent company of Thomson-CSF, is also understood to be watching

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K. Mikael Heiniö

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## **UK NEWS**

# Balancing growth in the gardens of Kent

John Hunt looks at the planning implications of the Channel tunnel

greater extent by Lord Young, the Trade and Industry Secre-K ENT has been tradi-tionally depicted as the garden of England, a tary.

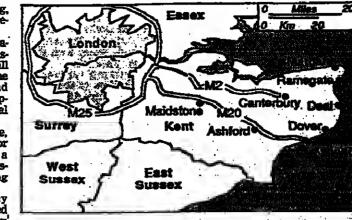
The environmental organisabucolic county of oak-beamed tions and some parish and dis-trict councils fear that it will cottages nestling among pretty orchards and hop fields. Most travelers form this picturlead to encroachment into the 'green belt' of land around esque, if somewhat inaccurate, urban areas, where develop-ment is subject to strict legal image as they hustle through the county on the train to the cross-Channel ports of Dover control

control. It could equally, they argue, release too much farmland for development, and encourage a rush of high-technology industries and out-of-town shopping centres. The county planners say

that these fears are unfounded and that priority will be given to the needy areas of north Kent such as the Medway towns of Rochester, Chatham and Gillingham and east coast

towns like Deal, Margate and Ramsgate. Mr Brian Briscoe, Kent county planning officer, told the hearing that the structure plan had struck the right bal-ance between the needs for development and the impor-tance of the environment and

conservation. The issues involved in striking this balance have to be carefully and objectively.



assessed, unswayed by emotion or special pleading from what-ever quarter," he said. The Kent Trust for Nature

Conservation, the Council for the Protection of Rural England and the Royal Society for the Protection of Birds have nevertheless joined forces to make sure that conservation is given greater weight in the plan. They say it relates con-trols to such an extent that it will become a "developers" charter

Mr Mike Clarke, conserva-ion officer for the RSPB, tion

nts out that an unu high proportion of the Kent countryside is designated as being of great conservational being or great conservational worth or special scientific interest. He believes the plan tilts the believes the plan tilts the believes the plan development and wants it reworded to lay greater empha-sis on protecting such areas. In contrast, Mr Mike Adams for the House-Builders Federa-tion has graved forcefully for tion has argued forcefully for more housebuilding than is allowed for in the plan. There is provision in the document for 52,600 new dwellings in the

## Auditors lose claim for Bank county between 1991 and 2001. county between 1991 and 2001. The federation wants this increased by nearly 15,000 to bring the total to 67,500. It says the council's propos-als do not take fully into account the increased housing indemnity

By Raymond Hughes, Law Courts Correspondent

ARTHUR YOUNG, the City of ARTHUR FOURIES, the Lang of Londoh accountancy firm which faces damages claims exceeding fifom over the col-lapse of Johnson Matthiny Bankers, has failed in the Righ Court to be indemnified by the demand arising from economic The cornerstone of the county's economic policy is the encouragment of multipational corporations.

The federation believes that a key requirement for this will be provision of a suitable range of housing to attract foreign Bank of England. The firm has been such by The prin has been such of Minorias Finance (formerly Johnson Matthey Bankers) and Johnson Matthey, formerly JMB's parent, for alleged breach of duty as and/or to JMB and to the Johnson Matthey Group

Local people take a different view. At the hearing Mr David Young. of Burham Parish Council, complained of plans to build on the east bunk of the Medway near Madatune in an area overlooked by the North Downs.

JMB and to the Johnson Matthey Group. The Bank of England tes-cued JMB in October 1986 after it had become insolvent. The case against Arthur Young is that in its andits between 1981 and 1983 it ahould have discovered and reported the way JMB's busi-ness was being conducted and that had it done so much of the loss anstained by JMB and Johnson Matthey would have been avoided. Arthur Young, which denies

Arthur Young, which denies the allegations, claimed that, if it was under any liability, it was entitled to an indemnity or contribution from the Bank of

Dismissing that claim. Mr Justice Saville said yesterday that its basis was that the Bank had owed a duty of cars to JMB and Johnson Matthey to carry out its function of supervising UK banks with reasonable skill and care and had failed in that duty.

Therefore, Arthur Young had argued, if Johnson Matthey and JMB were right in asserting that losses could have been avoided had Arthur Young dispovered what was those losses would also have been sybided or reduced had the Bank fulfilled its duty.

The Bank contended that it had no mich duty.

The judge said that Arthur Young alleged that the failure of the Bink to act with reason-able care and skill lay in carry-ing out carelessly, or failing to carry out, the very investiga-tions and checks which the Bank had decided more appro-Bank had decided were appro-priate in the course of exercising its supervisory functions.

patent access deal with IBM By Hugo Dixon

puters.

computers.

puters.

Banco di Sicilia

INTERNATIONAL

Sengue Agrée

USD 50,000,000

Multi Currency Revolving Credit Facility

Arranged by

Underwritten by

Tender Panel Members

**Amstrad** signs

AMSTRAD, the UK electronics company, and International Business Machines, the world's largest computer manufacturer, have signed an agreement to give each other access to their computer patents.

However, soon after the deal was announced yesterday, a controversy broke out about the details and significance of the agreement.

Mr Chris Alder, an IBM spokesman, said the deal involved a lump-sum payment by Amstrad to IBM. But Mr Alan Sugar, chairman of Amstrad, said: "He obviously does not know anything about the contract if he told you

Mr Sugar refused to divulge details of the contract, saying they were confidential and that it was "boring" to be quizzed about them. He also denied that Amstrad would be paying IBM any royalties for the use

BNL Investment Rank ple

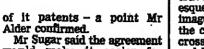
Banca Nazionale del Lavoro (London Branch)

The Sanwa Bank, Limited

Crédit Lyounais

Banco di Roma International S.A.

Commerzbank Aktiengesellschaft



and Folkestone. would make it easier for Amstrad to design new prod-ucts and would remove any doubts that might have existed about Amstrad's right to pro-But every day for the past week a group of about 100 peo-ple has gathered in the large hall of a community centre outside Maidstons to argue duce its present range of com-

about how the county will be changed by the economic development brought by the opening of the Channel tunnel Analysts said the agreement should clear the way for Amstrad to launch a new range of high-powered personal computers later this year. In particular, Amstrad is thought to be interested in producing a computer which is compatible with IBM's new range of PS/2 computers. in 1993. The planners, the private

developers and the conserva-tionists are locked in argument on the merits of Kent County Council's proposed structure plan, which lays down the However, Mr Alder said yes development strategy for the terday that Amstrad was "not going to be able to produce PS/

county up to the year 2001. According to the conserva-tionists, the Kent planners have been far too eager to embrace the doctrine of growth 2 clones by a long way". He said the agreement did not allow Amstrad access to Micro Channel Architecture, the spepropounded recently by Mr Nicholas Ridley, the Environ-ment Secretary, and to an even cial circuitry used in PS/2 com-

> University science departments face cuts By David Thomas,

**Education Correspondent** CLOSURE or amalgamation of chemistry and physics departthose subjects.

The first stage, which it aims to complete by the end of Sep-

probably emphasise the need for more physics and chemistry graduates, the first stage, report is also likely to argue that departments should he

to be effective.

vidual departments.

Opencast

By Anthony Moreton,

Weish Correspondent DIFFICULTIES in obtaining permission to open new sites in South Wales will lead to a drop

of £8m in the profit made by

British Coal's opencast execu-

Mr Bryan Riddleston,

Mr Riddleston was speaking at the unveiling of a plan to open a 617-acre site in Merthyr Tydfil which is thought to have reserves of over 5m tonnes. British Coal believes

this would be the largest land

reclamation project in western Europe and will last for some

Work on the scheme, which

is supported by the local and

regional government, will

begin next year if planning permission is obtained.

To overcome any possible

opposition, British Coal will defer a proposal to begin work-

ing on a nearby site. Trecatly South, which has been strenu-ously opposed within Merthyr.

Assuming the Merthyr pro-posal goes ahead, British Coal

would expect to push output in South Wales back above the

2.2m tonues achieved before the year-long miners' strike began in 1984.

suffers

tive this year.

shortfall.

operations.

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coal profit

dropped.

# Electrolux to invest £25m on electric cooker works ELECTROLUX, the world's biggest kitchen appliance maker, is to spend £25m on its electric cooker works at Spen-nymoor, north east England. Two new automatic production

ments at up to 10 universities could follow a review by the University Grants Committee. This could leave some universities without any substantial science capacity and is likely to be flercely opposed by the universities concerned. The UGC, which is responsi-ble for distributing Govern-ment funds to the universities. is undertaking a string of sub-ject reviews which have already resulted in departments being closed or down-graded. It is approaching its review of physics and chemis-iry in two stages because of the size and importance of

tember, will set out criteria for re-organising Britain's physics and chemistry effort.

While the committee will

By Christopher Parkes, Consumer Industries Editor However, Electrolux's cooking appliance division is still highly fragmented. With at least six factories manufactur-

ing for local markets in Europe, executives admit that the group has too many plants. the group has too many plants. While the Spennymoor development is aimed mainly at supplying the UK market with Zanussi, Tricity and Elec-trolux cookers, "a long term-objective is to realise the export potential... which will start with net export sales of £3m in 1988," the company said.

Electrolux also announced yesterday a £250,000 invést-ment in plant and 50 new jobs at nearby Peterlee

formerly used to make Zannasi

Production is being trans-ferred from Italy into a factory ham

The Spennymoor cooker works was formerly part of. Thorn EMTs loss-making spol-ance division; bought by Elec-

growth.

Professor Gerald Smart of

London University, who has

London University, who has been chairing the skimining panel with unfailing patience, and good humour, gently told him: "The fear that you will have to walk shong the roof tops is rather exaggerated. But people do get worried about this."

ance division, bought by Liac-trolux for 542mi a year ago. Mr Roger Baxter, managing director of the group's UK sub-sidiary, said the cooker busi-ness was already turning in profits of about 5 per cent of sales after several years of sales after several years of large losses under 'Thorn's management. He was siming for at least 10 per cent, he said. Other recent group invest-ments include a £17.75m pack-age, announced in March, and shared between the former

Thorn reffigerator works at Spennymoor, the Luton vac-uum cleaner operation, the UK microwave oven and compo-nents businesses and a flam four-year programme for the Parkinson Cowan gas cooker factory at Stechford, Birming-

# power plans

The Adelphi, London WC2

Gronp policy dictates that, where possible, manufacturing should be centralised to obtain economies of scale. All European microwave ovens are made in Luton north of Lon-

Italy for sale across the conti-

don, for example, and all the

lines will increase ontput almost 15 per cent to 320,000 cookers a year hy mid-1990. The investment hrings the group's total capital expendi-ture in the UK this year to £57m. It also raises the possi-bility that Spennymoor could become a main source of cookers for the continental European mark

group's front-loading washing machines are manufactured in **CEGB** head

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microwave ovens.

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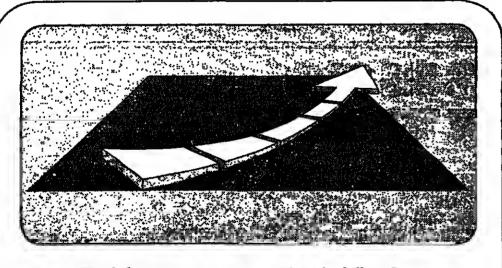
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#### 1987 financial results BNA has turned a difficult year into a good one.



Total deposits	20,346	billion Lire
Customers' deposits	12,967	billion Lire
Loans to customers	8,713	billion Lire
Capital funds	976	billion Lire
Net profit	56.7	7 billion Lire

BNA

As indicated by its results, BNA has re-affirmed itself as an active bank in a year which has proved difficult for the entire Italian banking system.

 Customers' deposits have increased by 4.2% whilst lending, mainly directed towards small and medium-sized companies, the agricultural sector and export financing, have risen by 5.3%.

The net profit, which increased ιĐ. by 6.8% allows a dividend payment of 185 lire for each BANGAN

savings share and 175 lire for both ordinary and preferred shares, · Internationally, efforts were made to concentrate the Bank's resources in those activities offering better returns. • The BNA network numbers 231 Branches in Italy, in addition to those in London, New York and Hong Kong and

> five Representative Offices which operate on the major financial markets throughout the world.

By David Green

THE CENTRAL Electricity above a certain size if they are Generating Board wants to build more nuclear power sta-The UGC will consult widely tions because they are the best economic choice and not because it is being ordered to do so by the Government, Mr Gil Blackman, the board's vice on the first stage report before producing its final report, prob-ably next year, which will con-tain recommendations for indichairman, said yesterday.

If the approach based on minimum size is adopted, then Mr Blackman, who accompa-nied Mr Cecil Parkinson, Energy Secretary, on a tour of closures or amalgamations of the Sizewell B nuclear power departments are almost certain. However, the UGC was eager to dispel suggestions that it had already prepared a list of universities where phys-ics and chemistry would be station construction site in Suffolk, south east England, neverthaless defended the Board's decision not to give evidence on the economics of coal-fired electricity generation at the forthcoming inquiry into plans for a Hinkley Point C plant in Somerset.

He said it was not necessary to compare nuclear and coal costs since proposals for Hink-ley Point C were aimed specifically at complying with Gov-ernment policy on diversity of fuel sources.

Opponents of the Hinkley plan have heen given the go-ahead hy Mr Michael Barnes, the inquiry inspector, to submit evidence on coal and nuclear cost comparisons. They claim that a coal-fired station would be cheaper.

Opposition groups have also claimed that the inquiry will be a guessing game until the regional opencast director, forecast that profits this year Government announces precise details of its plans to privatise would be about £28m, though he said that improved working in England would make up the the electricity supply industry. Mr Parkinson said yesterday that he would be announcing Last year, opencast working nationally made a profit of £270m. British Coal made a loss of £340m on all its

full details of the privatisation proposals before the end of December. The Hinkley inquiry is to start in October. Sizewell B, Britain's first pressurised water reactor (PWR) nuclear power station, is due to begin supplying elec-tricity in 1994.



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W 635CS: 00STS £36,860. THE 8MW M635CS; COSTS £45,780. PERFORMANCE FIGURES SOURCE-WHAT CAR? AUTOCAR, PRICES, CORRECT AT TIME OF COING TO PRESS, INCLUDE CAR TAX + VAL BUT NOT DELIVERY OR NUMBER PLATES, INCLUSIVE DELIVERY CHARGE, INCORPORATING BMW EMERGENCY SERVICE AND INITIAL SERVICES, £233 + VAL FOR A 8MW 6 SERIES INFORMATION FILE WRITE TO; BMW IMFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX CR TELEPHONE DI-897 6665 (LITERATURE REDUESTS ONLY). FOR TAX FREE SALES, PHDNE: 01-629 9277.

## MANAGEMENT

fter spending most of his working life running companies in the food industry Adrian Bazar sold out and stepped down at the end of last year. Now, at the age of 57, he is looking for a small business which could benefit from some of the capital he has huilt up and, equally important, from his experience.

"Tve a certain amount of time on my hands and I want to get back into the excitement of business without working full-time," Bazar explains. "Small husinesses want an investor and a friend they can talk in while I want to get a bit In the US, according to some of a kick and increase my capi- estimates, business angels of a kick and increase my capi-tal. It's a natural marriage."

Adrian Bazar is just one of a growing number of moderately wealthy people in Britain who, on retirement or sometimes earlier in the course of their husiness career, decide that the stock exchange and unit trusts are not for them and opt for a more personal form of invest-

Known as "business angels" in the US, where there is a more established tradition of private finance backing small business, private individuals are starting to emerge as an alternative source of finance in Britain for the small company which is unable to raise money from more conventional

This is partly the result of tax changes in recent years which have allowed people to retain more of their earnings and capital gains for investment and partly the result of greater efforts to bring investors in touch with entrepre-

Paradoxically, at a time when formal sources of small firm finance such as venture capital organisations, Business Expansion Scheme funds and special loan packages from the bankshave proliferated, there is a growing need for the private investor.

The private individual does not apply the traditional criteria to his investment decisions; he brings none of the high fees associated with conventional fund-raising and, unlike the banks, he does not require the entrepreneur to make over his home and business as security.

Mike Hall, managing direc-tor of The Suffolk Cider Company, spent a dispiriting 18 months trying to raise £100,000 for his business and reckons he knocked on 150 doors - without success."The venture capitalists and merchant bankers we spoke to were looking for mega-profits very fast while we were taking a seven-year view," he says. "In retrospect we should have asked for more money because they didn't full-time employee of the com-

Private financing Money and time to offer

year's membership.

The network has been used

by abont 400 investors and 600

businesses since it was

Individuals in the UK with sizeable amounts of cash to invest are increasingly emulating US practice of backing small firms. Charles Batchelor reports

#### A network of angels

Goodman, project director. Any deals which are done remain confidential but Goodhave twice as much money available for investment in man estimates 16 companies have raised a total of \$5m small businesses as the profes-sional venture capital industry. The private investor still from about 40 investors. faces the problem of finding suitable investments, however. Based on the experience of the New England network the To help the two sides find each other, Bill Wetzel, profes-sor of business administration typical US investor is 47 years old, very well educated, financially sophisticated and often a self-made businessperat the University of New Hampshire, launched the Ven-ture Capital Network in July son. He (or she) will invest \$25,000-\$100,000 in each of one 1984. The original network covers the New England states or two deals a year and wants to be involved in the business which ideally is based locally. but 16 other affiliates have been set up in North Carolina, Illinois, and Toronto. Business angels are patient investors, taking a seven to

10-year view compared with Entrepreneurs seeking funds the three to five-year horizon of professional venture capitalprovide a summary of their business and its performance while would-be investors sup-ply information on the pro-The appeal of private invest-ment capital is similar in the US to Britain. Young often ts which interest them. If an investor expresses interest he is put directly in touch with high-technology companies without a track record are the entrepreneur. The charge to entrepreneurs is \$100 for a often unable to attract bank or six-month "exposure" while the investor pays \$200 for a venture capital funds. The business angel fills the gap.

want to invest less than pany in which he has invested, bringing much-needed market-ing expertise, most investors are less closely involved. Nev-£250.000.

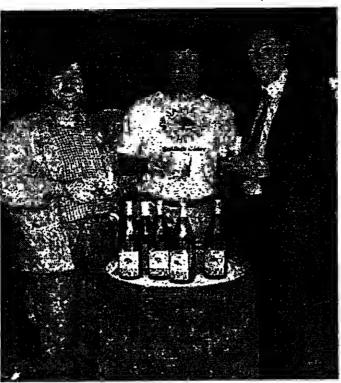
Suffolk Cider, which had turnover last year of £100,000, is now looking for a further £250,000 to allow it to expand

ertheless, they are frequently able to bring their own man-agement skills in production. nationally. Hall finally managed to raise the money he wanted with the finance or marketing to bear, reflecting their own business help of a number of private backgrounds. investors contacted through Most small companies welthe London Enterprise Agency. come this but some prefer to have passive investors who do not involve themselves. Others

Prominent among these inves-tors was Paul Morgan, who decided at the age of 29 and after a career in sales at ICI prefer to have several small private investors rather than and Marley Floors, that he one or two large ones who wanted to involve himself in a might exert undue influence though large quoted compa-nies, too, dislike this sort of small company. Morgan put up £25,000 of his savings for a 12 per cent stake pressure. "Some have retired with a golden handshake; others are small businessmen who have in Suffolk Cider and earlier this year joined the company full-time as sales and marketing director. "I was only ready to invest if I could have a hand sold out and want to start again; others people in their

for an alternative way to

in how the money was spent,"



Mika Hall (left) with Stephen Western and Paul Morgan: knocked on 150 doors - with no success

ing house for investors set up hy the London Enterprise Agency and 12 other agencies

around the country. An informal syndicate of a dozen north-east investors set up earlier this year to invest in local small companies comprises husinessmen, gentlemen farmers, stockbrokers, accountants and industrialists.

The problem facing the private investor - and one which makes many professional advisors uneasy about encouraging him to put his money into the small company - is how to indge whether it is a good

People who invest in small companies through a Business Expansion Scheme rely on the expertise of the BES fund manager. People who invest directly in the small company have much less to go on.

The private investor must rely on gut feel, his judgment of the people involved and his own experience of husiness.

Paul Morgan says "one taste" of Suffolk Cider's product con-vinced him there was a wider market for it. But he followed this up hy spending three weekends at the company's farmhouse premises at Wood-

Apart from the satisfaction of helping a small company grow, what are the financial rewards for the investor? Most take a very long term view of returns. Paul Morgan expects to wait three years before any dividends are paid on his shares but he is hoping for a payback if the company goes blic in five years as planned. Many of these investments are at too early a stage for the

henefits to have yet flowed through though it is the failures which manifest themselves before the successes. Constance Blackwell, a for-mer university teacher, was so impressed hy the craftsman-

ship of Period Ironworks, a two-man company which put up some cast iron railings in front of her London home, she decided to back the company's expansion with £30,000 of her own money. Bnt 18 months later the company ran into cash-flow difficulties while carrying out sub-contract work for a large construction group and went into liquidation.

Chris Howes, founder of the company, is altempting to build a new husiness while paying off the debts so Black-well does not regard her investment at bet and himself an accountant. investment as lost,

"I knew perfectly well it was a flyer when I went into it but I basically felt there was a mar-ket for these products," she a subject which seems complex and expensive," says Cope. "We aim to change this." For the very small business says. In retrospect she wishes she had been able in devote more time to Period Ironworks to help it overcome the organihandling only cash transac-tions the guide recommends sational and other manage-ment weaknesses which

some investors, like Const-ance Blackwell, come across investment propositions in the course of their daily lives. But receipts. most people do not, so a more co-ordinated attempt to bring investors and entrepreneurs together is being made by a growing number of organisa-

LINC was set np in April 1987 in link the local investpermanent since of original ment "marriage bureaux" which had been set up by indi-vidual enterprise agencies dur-ing the 1980s. The agencies have helped 11 companies raise 5557,000 from private investors on for this war For the larger business still the full double entry bookkeeping system is most appro-priate but, the guide suggests,

so far this year. Another source of invest-ment ideas is Venture Capital Report, a monthly publication which provides its subscribers In brief... SMALL COMPANIES, particularly those in Inner city with about a dozen investment prospects in each issue. Indi-viduals account for about a frequently find it difficult to quarter of its subscribers and are tha most enthusiastic investors in the companies it features, according to Lucius

Cary, the editor. Local, informal syndicates of investors, like the one in the north-east of England, are also on the increase while the CBI is promoting, so far without, success, the idea of Local Investment Companies, which would confer BES-styla tax reliefs on private and corporate investors in local small busi-

For most investors, though it is the excitement of helping a small firm grow which is the main incentive. "These are people who find investing in the stock market safe but dull," says Cary, "You can't phone up ICI and be helpful."

LINC, 4 Snow NR, London ECTA 285. Tel 01-238 3002; Venture Capitel Roport, Boston Road, Hasteroor-Themes, RGb IDY, Tel 0497 579802; Venture, Capital Metwork; PD Bos 482, Durham, New ritempshire 03824, US. Tal (503) 462 3568.

# Making accounts add up By Charles Batchelor

TOO MANY small firms unless the business owner is bundle their accounts into a trained he is best advised to shoebox and hope for the best use a part-time experienced shoebox and hope for the best use a part-time experienced More than half the companies person to do his books. Which seek the help of the Gov-which seek the help of the Gov-summer is a short experience the section of the section of

business than spending excess ernment's Small Firms Service have difficulties with their time on keeping the records, accounts, according to John the guide states. "Your time is Cope, Small Firms Minister best spent in interpreting the information provided by the system

A free guide\* to help the Many people starting a new business regard making a profit as being crucial for sursmall business handle its financial affairs more efficiently has now been produced by the service. "Small busi-nessmen are often daunted by vival. Equally important and often overlooked is having enough cash at the time it is needed.

A small business's accounts must provide enough informa-tion in the right form to allow the owner to judge the likely one of the proprietary account-ing systems which publish spe-cially designed books to keep daily and weekly records of state of future profits and cash. Thay must also show which parts of the husiness are healthy and which need atten-

For the small business which sells on credit and issues up to But, the guide warns, it is a waste of time to produce a lot of figures if they are not used sens on creat and issues up to 200 invoices a month, it sug-gests the analysed cash book system. The cash book is backed up by two temporary folders and two arch files as a to manage the business. By this it means making decisions which will affect the future in the business's favour and then

acting on them. \*Accounting for the Small Firm, available from Small Firms Centres by dialing 100 and asking for Freefort Enter-Drist.

is being carried out by the Business Development Unit of Manchester Business School.

The aim of the research Is to discover the range and level of service being given to small businesses and Investigate the scope for further development. Contact Colin Risner, Business Development Unit. Manchester Business School, Booth Street West, Manchester M15 6PB. Tel 061-275 6333.

SMALL FIRMS are making growing use of the services of management consultants thanks largaly to the launch earlier this year of the Enterprise Initiative almod at providing them with aubsidised consultancy halo

The Institute of Management Consultants (IMC) has created a Growing Small Businesses Interest Group to look at tha problems small firms face and tha rola consultants can play in solving them.

Contact IMC, 5th floor, 32/ 33 Hatton Garden, London EC1N BDL. Tel 01-242 2140.

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20s in the City who are looking



arrange insurance cover for their premises and equipment. A National Enterprise Insurance Schema to provide insurance for all small businesses which were started with tha help of an

enterprise agency or Business in the Community, the agencies' umbrella organisation, has been launched by a group of Lloyds of London underwriters. The underwriters say they do not undertake to be the

areas with high crime rates.

cheapest on every risk but they hope, by taking on a spread of risks, to be able to provide widar cover to companies in problem areas.

Freepost, Stafford Knight & Co, 4/5 London Wall Buildings, London EC2B 2ES. Tel 01-628 3135. A SURVEY of the role of .

the accountant in the development of small firms

bridge, near Ipswich, looking at their books and getting to know the people involved.

Alan Harpe

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동네는 동안 전쟁 

ONE PICTURE, they say, is worth a thousand words. Lately, the computer industry has taken this truism to heart.

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Whether it is the introduc tion of "graphical user interfaces" for personal computers; or the recent launch of superworkstations canable of produthree-dimensional images or the use of supercomputers to create suimated graphics, the trend is towards pictures, rather than words, on the com-

Wordsmiths need not despair. It takes a lot more computer power to digitise and manipulate complex graphics than it does to perform even the most sophisticated word processing.

An example of the computer power needed to create such images is one of the latest superworkstations in Apollo's Series 1000, which the comseries 1000, which the com-pany calls a "personal super-computer". Like competing products from Sun, the Apollo machine featuree RISC (Reduced Instruction Set Computer) architecture. It delivers anything from 15 million instructions per second, in a single processing operation, up to between 60 and 190 MIPs when multiple processors are linked.

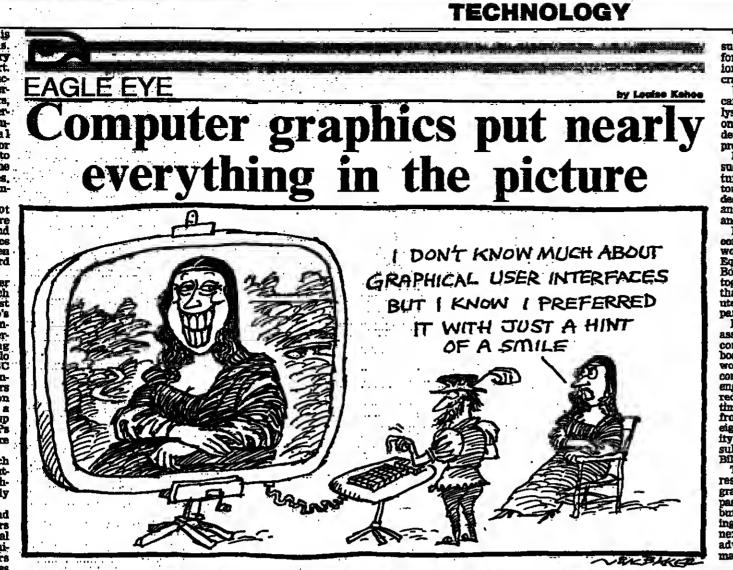
However the cost of such "graphics processors," comput-ers optimised to handle graphics applications, is gradually coming down.

A sure sign of the trend comes from research papers published recently by several leading US and Japanese semiconductor manufacturers describing chips that process and store images. These chips appear to be destined for the next generation of personal computers.

In the meantime, however, the price tag on graphics pro-cessing remains rather high. The new class of graphics supercomputers, from compa-nies such as Ardent Computer and Stellar Computer, delivers similar processing power to the Ardent claims that its Titan machina provides up to 64 mips (millions of instructions per second.)

But although the cost of such power has dropped dramatically from many millions of dollars to a price in the region of \$80,0000 to \$160,000, machines like the Titan are still beyond the means of many potential users.

More widely used are so-called "superworkstations," in the \$50,000 to \$80,000 price range from Apollo, DEC. HP, Silicon Graphics and Sun, which can be used in conjunction with higher performance computers, or in a stand alone mode for simpler applications.



Users of graphics computers span a wide range of indus-tries, from aircraft designers to and graphics workstations, a Los Angeles group, Digital Productions, created animamovie makers, from chip makfighter," transforming bare bones engineering drawings into fully animated video ers tg genetic engineering researchers, and from oil explorers to spies. Each has a

large quantities of data: Beyond that, however, they have little in common and one of the factors retarding run-

away growth in the graphics processing field is a lack of agreement on standards on how to produce images on a computer and on what kinds of functions are generally needed.

#### Playing games Today's computer graphics

technology is a far cry from the video games of the 1970s, but entertainment is still a significant driving force behind developments in graphical computing. Some of the most advanced software for generat-ing computer graphics has been applied to creating special effects for movies and belevision. Using a Cray supercomputer

Disney Company created traf-fic scenes, city landscapes and several other backdrops for "Oliver and Company," a new Dispey feature film which will ed in November.

The use of computers has taken some of the drudgery out images of spaceships moving of creating moving backdrops for the new Disney characters and freed the character snima-While moviegoers were impressed, the high costs of tors to concentrate on more creative aspects of the production process, says Tina Price, a Disney animator who has done some of the computer work.

The computer system is par-ticularly good at creating and manipulating geometric objects, she says. It is difficult for an animator to keep perfect perspective on an object as it

have their limits, according to the Disney animators. It seems unlikely that Mickey Mouse will ever appear on a computer screen. We have a whole Graphics, Appollo Computer, and Ardent Computer. department of people who animate characters far better than any computer," says a Disney Using a 3-D graphics workstation , animators at the Walt spokesman.

And while S-D workstations have the capability of creating solid-looking objects, Disney uses them only to outline objects, preferring to hand paint surface detail. "The resolution of the computers is just not up to par," explains Tina Price. Another complaint is that the system is too slow when handling complex

#### **Power-hungry**

puter horsepower in their graphics workstations, About 10 to 100 times the power of currently available machines would be desirable, says Garry Bills, principal engineer at Boeing's recently inaugurated Computational Fluid Dynamics Laboratory in Bellevue, Wash-

"Computer workstations that can generate video images in real time have revolutionised the way scientists and engineers go about their jobs," Bills says, but "still, they could be better.

The new laboratory provide supercomputer and high per-formance graphical workstat-ion facilities to Boeing's air-

craft designers. Using these computers, they can in effect simulate and analyse wind tunnel experiments on proposed streraft designs to determine their acrodynamic Displaying the results of

such tests graphically, in pictures that resemble the con-tours on a map, enables the designers to see flow patterns and to spot potential problems and correct them. Equipped with a Cray super-

WORTH

Edited by

WATCHING

**Geoffrey Charlish** 

Fire brigade

FIRE BRIGADE headquarters

throughout the LIK are to be connected into a national database held at the Fire

information National Data Service, Bradford University.

ing the results of

research carried out by Indi-

Tandata Communications of

brigade headquarters and the system is being set up

and run by Bradford Univer-

house wiring and domestic

appliances), the Italy-based

Believed to be the first com-

prehensive CIM system in the European cable industry

agement aspects of the

Ing £3m.

sity using their mainfra

vidual brigades, and work practices, particularly in reli

tion to unusual fires.

The idea is to make as mu information as possible avail-able to senior fire officers,

database

computer, 17 Silicon Graphics workstations, and three Digital Equipment minicomputers, the Boeing Laboratory has brought together computer resources that were previously distrib-uted around the aircraft com-peny's facilities.

By cutting out the delays associated with transmitting complex programs and large bodies of data on computer networks, and by upgrading the computer workstations uced by engineers, the laboratory has reduced the typical response time of the computer system from around three days to eight seconds. The productivity of the researchers has been substantially enhanced," says

There has been rapid prog-ress in the development of graphic workstations over the past few years, Bills concedes, but adds: "You aint seen noth-ing yet." He preducts that the next few years should bring advances of even more dra matic impact.

#### Great expectations

"There is a buge gap between what people want from graphics workstations and what the computer makers are offering," observes Michael Burwen, president of the Palo **Computers** in control wires and cables used in Alto Management Group, a

consulting group. The objective, szys Burwen, is an affordable computer that can produce video images in a fraction of a second. "They want it to look like a \$70 mil lion flight simulator at a cost of a few thousand dollars," Burwen explains.

He believes that unreason-ably high expectations of what computers, with system soft-ware developed by SEIAF of haly, a software company computer workstations can do have been created by the publijointly held by the Italian Gov-ernment and IBM. The system cation of impressive computer generated picturest that in fact will act as a pliot for the took weeks to create. Pirelli group and other factory The products offered by com

conversions are likely. All aspects of production are managed by CIM systems. The computers form a hierar-chy. At Pirelli, an IBM System 35 at the top, looking after panies such as Stelar Com-puter and Ardent Computer represent the "beginning of a new industry," says Bur-wen."They are not the solution, but they may foreshadow a new generation of truly capa-ble systems." business, is connected to two

networks, one for office and the other for factory comput-

To avoid picking up alectrical interference, the latter us an optical fibre network to control production machines automatic golded vehicles and other handling equip-

Cable production involves drawing the copper wires, insulating and sheathing th by plastic extrusion, and "lay-ing up" (combining them into multi-wire cables and armour-ing if necessary). Bobbins of wires and other materials are carried between stores and machines, and between achines, by the AGVa and handling devices. Customer orders come over data phone lines or are keyed into the management computer, which controls product data, inventory, production scheduling and control, mate rials acquisition, costing, pur-chasing and similar informa-

flor. Then, appropriate data goes to the other computers which ensure order fulfilmer with a minimum of work in progress.

#### Success for

water-free wiring Malvern, UK, le providing a terminal to each of the 63 UK SPECIALIST MATERIALS company Raychem of Swin-don in the UK is offering a system called Rayblock to provide a solution to the problem of water ingress into mputers. A user can extract information from the database vehicle wiring systems. Whenever a wire's manu nicate directly with tured plastic coating is mother brigade if necessary. removed, for connection into a plug or socket for example, it may become possible for water to cause insulation

problems. IN A £20m factory refurbishment at Aberdare,

Rayblock uses a combination of the US-based company's heat chrink cleeves and a South Wales (for making the hot-melt adhesive. One version consists of a sleeve with an integral inner ring of adhe sive, for use at tha mutti-wire Pirelil group has incorporated cabia antry to a plug for a computer integrated manu-facturing (CIM) system costexample. On applying a mod-erately hot air stream, the sleeve shrinks over both cabla and antry tube, forcing the malled adhesiva between the connector wires and It uses over 100 IBM and GEC egainst the tube's inner surface. The result is a complete

> Variants of the system are available for sealing the joined ends of cables and for aling with large multi-wire cable bundles. A range of installation equipment can be supplied including hot air guns and infra-red he

CONTACTS: Reychem; UK office, 0783 28171 Pirelli General: 9703 534365, Tandata: UK

## **Contracts & Tenders**

**Businesses Wanted** 

PLASTICS DIVISION OF INTERNATIONAL GROUP Successful in injection blow monthing of technical components now seeks to expand into Britain by actimizion of companies in similar field with turnover range probably £1 - 5 million. Financial and technical support can be provided by the Group and therefore propositions will be considered from both

tions for the movie "Last Star-

computer animation eventually

sank Digital Productions.

According to a former execu-

tive at the company, Larry

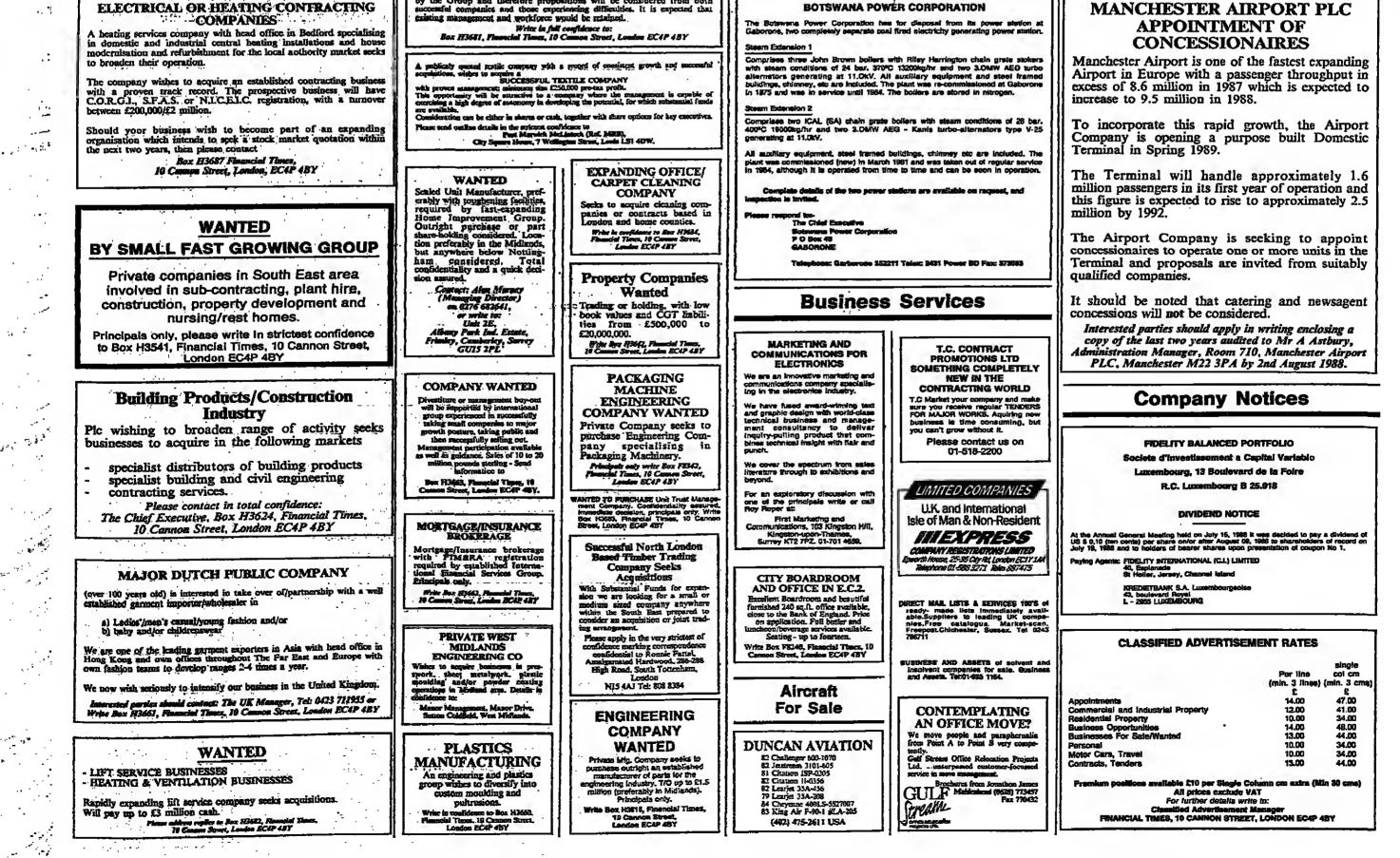
through space.

Yacger, now principal engineer at Apple Compute, the cost of producing such fully animated sequences ran from \$2,000 to \$9,000 per second of finished The technology required to produce advanced computer graphics is, however, quickly coming down in price with the emergence of a new generation of "3-D Graphics Workstations" moves; the computer is very good at that," she explains. None the less, computers offered by companies such as Stellar Computer, Silicon

images.

Aircraft designers at Boeing are also hungry for more com-

**Plant & Machinerv** 



FT LAW REPORTS

# **Builder not liable for loss**

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D&F ESTATES LTD AND OTHERS V CHURCH COMMIS-SIONERS FOR ENGLAND AND OTHERS

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House of Lords (Lord Bridge of Harwich, Lord Templeman, Lord Ackner, Lord Oliver of Aylmerton and Lord Jauncey of Tullichettle): July 14 1988

A BUILDER who properly sub-contracts work to a compe-tent independent subcontractor is not liable for defects in the execution of that work in the absence of knowledge of negligence or assumption of personal liability; and he is not liable to an occupier with whom he has no contractual relationship for the cost of remedying defects before they cause damage to the occupier or his property, in that such loss is purely economic and is irrecoverable in tort.

The House of Lords so held when dismissing an appeal by the plaintiffs, D&F Estates Ltd and Mr and Mrs Tillman, from a Court of Appeal decision [1987] 1 FTLR 405 that they were not entitled to damages from Wates Ltd, third defendant in an action for defective building work against the Church Commissionars for England and others. LORD BRIDGE said that

between 1963 and 1965 Wates was the main contractor employed by a company now in liquidation to build a block of flats on land belonging to the Church Commissioners. The building was completed

in October 1965 and was named Chelwood House.

The Church Commissioners granted a lease of flat 37 to D & F Estates for 98 years. D & F Estates was controlled by Mr and Tillman. From 1965 to 1981 they occupied flat 37 pursuant to an arrangement with D & F Estates.

In August 1980 while Mr and Mrs Tillman were away, decorators discovered that the plaster on certain ceilings and one wall was loose. Some of the plaster fell down. The affected areas were replastered and redecorated at a cost of £10,676.

D & F Estates now claimed in respect of that damage, and Mr and Mrs Tillman claimed in respect of disturbance caused to them while the works were carried out. Following investi-gation in 1963 more defective plaster was discovered and when the action came for trial the damages claimed by D & F Estates included the estimated cost of further remedial work and prospective loss of rent which would be suffered while it was carried out.

When Chelwood House was

built the plaster work was carried out by sub-contractors. was the cause of personal Judge Esyr Lewis QC found injury or damage to property that the plaster was defective other than the chattel itself, because they had failed to folthe manufacturer was liable. low manufacturers' instruc-But if it was discovered before tions.

causing damage, there was no In deciding the scope of longer any room for applica-tion of the Donoghue v Steven-Wates's duty of care to the plaintiffs and whether they had suffered loss as a result of son principle. The chattel its breach, he said "The duty of care itself is not delegable". He became defective in quality. but was no longer dangerous. The economic loss was recoverfound that Wates acted properly in snb-contracting the plastering work; but he con-cluded it was in breach of a duty to provide adequate and proper supervision and was lia-ble in negligence to the plainhirer of the chattel. tiffs.

If the same principle applied to a dangerously defective per-manent structure, the builder's The judge awarded damages to D & F Estates of £10,676 for the cost of 1980 remedial liability could only arise if the defect remained hidden until it works, £53,549 for future works, and £24,000 for loss of rent while the future works caused personal injury or dam-age to property other than the structure itself. were carried out. To Mr and Mrs Tillman he awarded £500 each in respect of loss of ame-nity while the works were being done.

On appeal by Wates the Court of Appeal reversed the judge's decision primarily on the ground that Wates, having employed competent sub-contractors to carry out the plastering work, owed no further duty of care to the plaintiffs.

The Court of Appeal also considered a submission by Wates that the cost of repairing the defective plaster was not damage which D & F Estates could recover in tort since it represented pure eco-nomic loss. The submission was rejected in relation to the 1980 repairs on the ground that D & F Estates were liable to Mr and Mrs Tillman to carry them out, but was accepted in rela-tion to future works. The plaintiffs now appealed.

In Junior Books v Veit-The cost of replacing defecchil1983;AC 520 Lord Brandon's dissenting speech enunciated principles of fundamental tive plaster in 1960 or in the future was not damage for which the builder could possi-bly be made liable in negliimportance in determining the scope of the duty owed by one party to another in the absence gence under the Donoghue v Stevenson principle, or any legitimate development of that of contractual relationship or other uniquely proximate relaprinciple tionship. To make him so liable would

be to impose on him for the benefit of those with whom he had no contractual relation-Lord Brandon said that as there was no contractual rela-tionship between the parties, the only foundation for the ship, the obligation of warranexistence of a duty of care was the principle laid down in Don-oghue v Stevenson [1932] AC 562 tor as to quality of the plaster. It followed that even if Wates had been responsible for that a person who manufacthe plaster work in flat 37, the tured goods for consumption by others was under a duty to damages recoverable by D &F Estates would have been trivexercise reasonable care to ial and Mr and Mrs Tillman ensure they could be used or consumed in the intended mancould have established no claim for disturbance. ner without causing physical But the Court of Appeal's damage to persons or their primary ground for allowing

property. If a hidden defect in a chattel Wates's appeal was that it had properly employed competent sub-contractors to do the plaster work, and was not liable for their negligence.

The employers of an independent contractor were, in general, not liable for his negligence in execution of the work. To that general rule there were certain well-established exceptions or apparent exceptions.

But the so-called exceptions were dependent on a finding able in contract by a buyer or that the employer himself was in breach of some duty personhirer of the chattel entitled to ally owed to the plaintiff (see Clerk and Lindsell on Toris 15th ed 1982 para 3-37p 185). the benefit of warranty of quality, but it was not recoverable in tort by a remote buyer or

If Wates were to be held liable for its sub-contractors' negligent workmanship, it must first be shown to have assumed a personal duty to all the world to ensure that Chelwood House would be free of dangerous effects.

That was an assumption on If the defect was discovered before damage was done, the loss sustained by the building owner who had to repair or demolish it to avoid danger to which Judge Esyr Lewis pro-ceeded when he said "the dnty of care itself is not delegable". Whence did that non-delegable duty arise? There was no legal principle to which such third parties, seemed purely an assumption of duty could be In the present case the only related.

hidden defect was in the plas-ter. Once it appeared that the plaster was loose, any danger If the fact of employing a in the latt of employing a contractor did not involve the assumption of any such duty by the employer, then one who had himself contracted to erect of personal injury or of further have been simply avoided by the timely removal of the defective plaster. a building assumed no such liability when he employed an apparently competent indepen-dent sub-contractor to carry The only function of plaster out part of the work for him. unless it was elaborately deco-

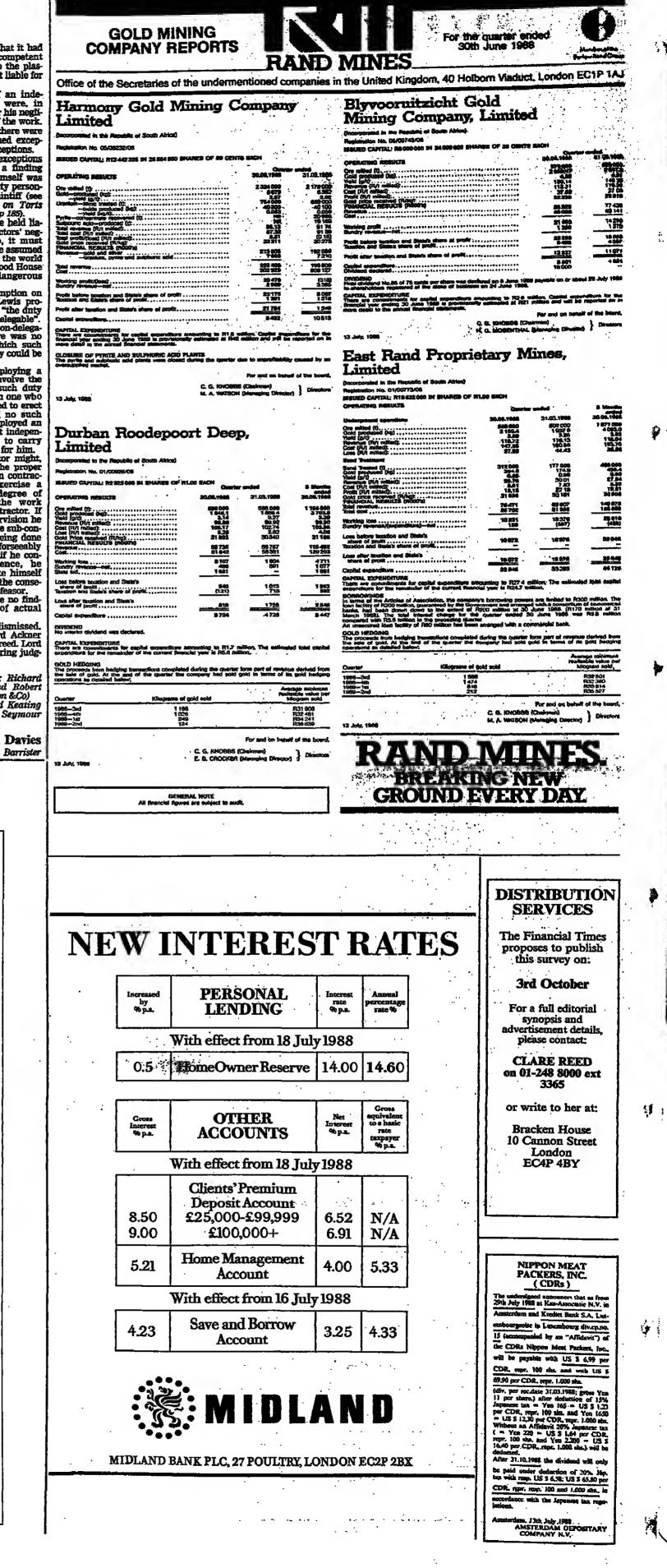
rative, was to serve as a smooth surface on which to place paper or paint. The only The main contractor might in the interests of the prope discharge for his own contrac tual obligations, exercise a caused by the defective plaster would be the loss of value of greater or lesser degree of snpervision over the work existing decorations occa-sioned by the need to remove loose plaster. done by the sub-contractor. If in the course of supervision he came to know that the sub-contractor's work was being done in a defective and forseeably dangerous way, and if he condoned that negligence, he would no doubt make himself potentially liable for the consequences as joint tort-feasor. But the judge made no find-ing against Wates of actual

knowledge. The appeal was dismissed, Lord Templeman,Lord Ackner and Lord Jauncey agreed, Lord Oliver gave a concurring judg-

ment For the plaintiffs: Richard Fernyhough QC and Robert Glancy (Victor Mishcon &Co) For Wates: Donald Keating QC and Richard Seymour

(Masons)

**Rachel Davies** 



FINANCIAL TIMES TUESDAY JULY 19 1988

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# **FINANCIAL TIMES**



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Since Mr Haughey took power early last year, exports have boomed and public spending has fallen.

But there is little sign of growth in the domestic economy. Relations with London have cooled, though 40 per cent of trade last year was with the UK, writes Kieran Cooke

# **Tackling the** tough issues

SPORT, not politics or the problems of the economy, has provided the main Irish news over the past year. When an Irishinan, Mr. Step-

hen Roche, won the Tour de France cycle race last summer. a quarter of a million people or nearly 10 per cent of the irish population, turned out at Dublin airport to welcome their hero back. Last month, when the Irish football team returned from their first-ever foray into the finals of the European football championships, there were similar scenes. Ireland had not won, nor had it reached the semi-finals. Bnt it had beaten England. Most of all, it had shown Europe its competitive abilities and sportsmanship.

Sporting achievements have been reflected in other areas. Even the begrudgers would admit that important changes have taken place in Ireland over the plat 18 months. The public finances, for long floating on a fiscal cloud nine, have been brought down to earth with a resounding thud. For the first time in many years, there is a substantial degree of : confidence in the performance of the Irish economy.

During its first 18 months in office, the minority government of Mr Charles Haughey, the Irish Prime Minister, has achieved a large measure of political stability. Fiscal adjust-ments were a matter of the utmost necessity: if borrowing and spending levels had con-tinued along the pattern of the late 1970s and early 1380s Ireland, in the not-too-distant future, would have been spend-ing its entire GNP on debt servicing. This followed the disa trously profligate period of the 1970s, when the government borrowed its way into a boom and the years of decline in the early 1980s when the scrious-ness of Ireland's economic posi-

tion became all too apparent, "The firm action we took has brought an almost miraculous improvement in a very short space of time and confidence in the Irish economy both at home and internationally has been restored," Mr Haughey told an audience in New York recently.

But many observers would say that despite considerable achievements, the modern Irish miracle is still some way\_ off: Large-scale cutbacks in public expenditure have

reduced the level of govern-ment borrowing by a third. But the national debt, at more than IE26bn or IE28,000 for every household in the country, is

still a cause for concern. Exports have boomed and for the first time in 20 years there a current account surplus. But any sign of a downturn in the western economies could have serious consequences on the Irish recovery. There is lit-tle sign of growth in the domestic economy and invest-

good sense of timing. It seems the Irish people had already clearly realised the seriousness of the situation and was prepared for tough measures. The cutbacks have led to an unemployment rate of 19 per cent, second only to Spain in the European Commnnity. But the position would be

a great deal worse and possibly politically unsustainable if emigration was not at its high-



est level for some years with

growth has slowed considera-bly. In the 1981 to 1986 period, the population grew by 2.7 per cent. In the 1971 to 1981 period, the population went up by 15.6 per cent. Both these factors have eased the impact of the government's radical exercise in cost cutting

exercise in cost-cutting. Some, including members of the IMF and the European Commission, feel the Irish gov-eriment should now try some mild reflationary measures to force a little movement in the domestic economy. But Mr Haughey and his small circle of key advisers, including Mr Ray MacSharry, the Minister for Finance, seem intent on continuing to administer the bitter economic pill while there is still the public taste for it.

The Government likes crisis management. Mr Hanghey's popularity and that of his directly involved in the diffi-culties surrounding the Anglo-Flanna Fail Party have never Irish relationship, particularly since the illness of Mr Brian Lenihan, the Minister for Forbeen higher. Yet there seems to be no wish to go to the country in search of a majority in the Dail, the Irish Parliament.

eign Affairs and one of the few people in government with experience and stature equal to that of the Prime Minister. It has not been a good year for relations between London Irish politics. Mr Hanghey

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and Dublin. At times the two countries came to office with the pledge of "No strokes, no deals." With a parliamentary majority, members of the governing emed separated not just by the Irish Sea but by a whole world of differing perceptions party might show more rebel and ideas. Yet through the long list of problems, some of them very serious, dialogue has been maintained. Mr Haughey has won considerable lious colours and be tempted to press for constituency favours. Mr Haughey is very much a "hands on" premier. He has exerted his influence on politipraise for not giving in to some of the more strident anti-Britcal developments in Northern Ireland, realising that continu-ing violence north of the borish voices on his back-benches der can only have an adverse and has emerged with states effect on economic and political developments in the manlike credentials. The Anglo-Irish agreement is

# will become closer following the full integration of the EC in 1992. Millions of Irish people live and vote in Britain. In 1987 He has also become more

still very much alive and Mr Haughey and Mrs Thatcher, the British Prime Minister, are on cordial, if not over-warm, terms. The future of Ireland and Britain is intertwined and

Economy: dramatic rewards o

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strict discipline Politics: approval for Haugher

Customs House centre: linancial flagship

Taxation: helping foreign

lienium: Dublia bandw industry: an exports boom Tourism: potential unrealised

Stock market: bigger rise than Stota manufactors the skies are

🗆 (left) The Dublin crowds give (*left*) The Dubin Group Jack tootbell meneger Jack Charitos, flaskad by Hedermaa Carmencita city's Lord Mayor and Mr arian Lenihan, the country's Foreign Miaister, e tremaadoua welcome on his return from

Germany last month.

#### **KEY FACTS**

.3.537m .70,000 sq km 1DP \$18.26 ot (May 1988) . 235,000 (19% of wor inflation (1987) Debt/GNP ratio (1987) \_\_\_138.9% IC12.398b tate of nge (July 4 1988) . IÉI. 86.7 al account (1987) surplus of \$400m nigration (1987) ......30-35,000

nearly 40 per cent of Ireland's total trade was with Britain.

Most importantly, the man-ager of Ireland's football team, Mr Jack Charlton, is English. Nicknamed "St Jack" after his team's performance in Europe, Mr Charlton has now been made an honorary Irish-

# Links with Europe A geographical disadvantage

AS THE Irish Government this month launches its information campaign to prepare the public for 1992 and the arrival of the single European market, soccer has done more than any political address or economic manifesto to make the Irish public aware that it belongs to

Europe. For the first time ever, the Irish team reached the finals of the European championships. Not only that, but Ireland

performed very well. While Irish governments have built up a reputation for being "good Europeans" in their conduct of EC negotiations, the country remains culturally part of the Anglo-American world.

The low priority of spoken. European languages in schools and universities reinforces Ireland's isolation as "an

**Continued on Page 2** 

Ment is far from buoyant. Many of the fundamental ills of the Irish economy have, however, been tackled. Mr Haughey has shown considerable chutzpuh in taking what would in the past have been politically disastrous decisions. His government has had a very

# more than 30,000 mostly young, educated Irish people leaving the country every year in search of jobs. At the same time, population growth has slowed considera-

A sense of siege suits current Favours and dispensations have been a common feature of

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**IRELAND 2** 

For the first time in years there is some confidence in the economy

# The dramatic rewards of strict discipline

of Irish government policy would admit that there has been a fundamental change in the economic climate over the past 18 months.

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For the first time in many years, there is some confidence in the economy. State borrowing as a proportion of GNP is at its lowest level in more than 10 years. Inflation, 1.8 per cent in the second quarter of 1988, is at its lowest level for 25 years, exports have experienced a mini-boom and, for the first time in 20 years, there is a current account surplus. Interest rates have fallen substantially while the Irish punt has maintained its value within the EMS.

Set against these positive trends is a national debt which is still one of the highest per capita in the world at If 26.345m, a dull domestic economic outlook with only marginal or no growth in GNP forecast for 1988 and govern-ment cuthacks which have been largely responsible for a rise in unemployment to 19 per cent (the highest in the EC apart from Spain). That most

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The Irish Punt

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EVEN THE most harsh critics familiar signal of hard Irish of Irish government policy times, emigration, is once again on the increase.

Tackling the national debt has been the all-consuming passion of the Fianna Fail Government which came to power enminent which came to power-last February. Mr Ray Mac-Sharry, the Minister for Finance, has been nicknamed "Mac the Knife" for his zealous campaign of cutbacks and general belt tightening.

The national debt, more than a third of it denominated in foreign currencies, had dou-bled in the five years ending 1987. Government spending cutbacks last year amounted to more than 15400m. A similar or spending is expected this year, amounting to an overall cut of more than 10 per cent on the two-year period.

Meanwhile, tax revenues have increased with reforms in corporate taxes, higher excise duties and a broadening of the VAT tax base. The speed with which the economy has responded to this new harsh helping of fiscal medicine has surprised many, including some government members.

The current budget deficit fell by <u>1£215m</u> last year from 8.6 to 6.8 per cent of GNP, the Excheaccount turned to a surplus of US\$400m from a deficit in 1986. Agricultural exports in the coming year are likely to slow due to EC quotas and a short-(EBR) was reduced by 15360m from 13.2 to 10.3 per cent of age of beef stock. The outlook for manufactured exports will be influenced by economic per-GNP while current revenue increased by 6.5 per cent.

Unemployment is likely to rise again and, for the third year running, about 30,000 people,

mostly young graduates, are expected to

emigrate

Government projections for formance in the UK, which still tormance in the UK, which still accounts for nearly 40 per cent of Ireland's total trade. Overall, it is expected exports will increase by 11 per cent in the coming year, with imports up by just under 8 per cent. Predictions are that the visible trade surplus in 1988 could be more than 192bn. While there is general praise the coming year of a further fall in the EBR of 2 per cent to 8.2 per cent of GNP and an E55m reduction in the current budget deficit look unduly conservative, with most commen-tators predicting a generally more favourable performance on the public finances front. While there is general praise for the way the government has gone about tackling the serious ills that have affected Irish fiscal health, there is con-

In value terms visible exports rose by 14.5 per cent in 1987, with manufactured goods and agriculture performing well. The visible trade surplus in 1987 was I£1.568bn, more than twice the 1986 floure As a result, the current external

last year: real incomes con-tinue to decline while investment has shown no sign of growth.

Meanwhile, about 12500m of gross savings, or more than half the real growth in the economy over the past two years, has been invested abroad. Continuing sluggishness in the domestic economy is also likely to lead to a further rise in unemployment. The total at work is estimated to have fallen by 14,000 or 1 per cent of the labour force las year. A similar drop is antici-pated this year with no real sign of improvement before

There are now 120,000 fewer employed than in 1980. Economists point out that the situa-tion would be far more serious and possibly politically unsus-tainable if it were not for the large-scale emigration of recent years.

For the third year running about 30,000 people, mostly young graduates, are expected to emigrate from Ireland in

ble to developments in the world economy. Ireland's recovery over the

last 18 months has taken place against a generally buoyant economic background. Any sign of a recession in the western economies could bring serious problems. For the moment, the government is adamantly pursuing its cost-cutting measures and has resisted reflation.

Only this way, says the government, can the national debt be stabilised and Ireland look forward to sustained growth sometime in the early 1990s. The tough times must continue, says Mr Charles Haughey, the Irish Prime Min-

"It is being irresponsibly suggested in some quarters that the strict discipline which brought about the dramatic improvement in our economic fortunes is no longer required and can be relaxed. This is a dangerous line of argument and could put us right back into the appalling situation from which we are still seeking

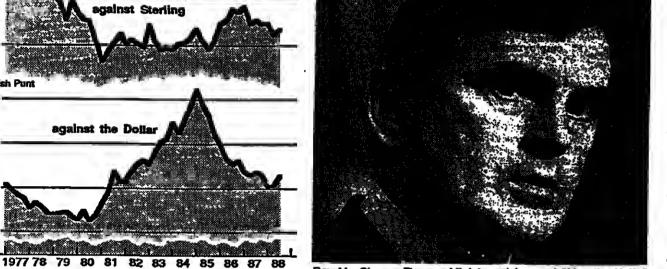
NEVER HAS Mr Charles Haughey, the Irish Prime Min-ister, been so popular. Rarely have the Irish people had to suffer so many cutbacks and austerity measures. It has been a strange year in Irish politics. Mr Haughey, consigned to the political wilderness by many only a few years any has

his 15 months in office. A veteran of more than 30 years in politics, including two previous terms as Prime Minis-ter, Mr Hanghey's star has never shone brighter. His Flanna Fail Party (translated as 'the Warnors of Destiny') now has the support of over 50 per cent of the electorate and would win an absolute major-ity if opinion poll figures were reflected in a general election. The previous government, a The previous government, a coalition made up of the main opposition Fine Gael Party ("Tribe of the Gaels") and the small Irish Labour Party, fell because its members could not agree on a package of mea-sures to deal with mounting economic problems, including a national debt of more than

I£24bn. In last February's election, Fianna Fail campaigned under the rather ambiguous slogan: "There is a Better, Way." In victory most assumed Fiama

# many only a few years ago, has shown that he can not only survive but succeed. A recent opinion poll indicated that 55 per cent of the Irish electorate Kieran Cooke was satisfied with Mr Haughey's performance during his 15 months in office.

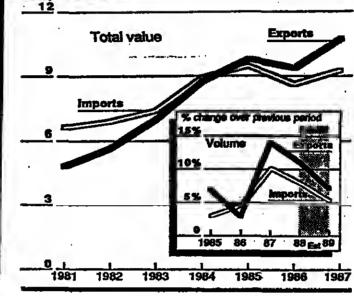
a newly emerged party led by a former Fianna Fail cahinet minister, Mr Des O'Malley, sur-prised many by gaining 12 per cent of the votes in last Febru-ary's election. But they have since falled in make a signifi-



Ray MacSharry, Finance Minister, nicknamed "Mac the Knife



The trade position Exports **Total value** 



#### cern about the impact on the domestic economy of continu-ing deflationary policies. Con-sumer spending fell slightly. 1988. Ireland, with foreign trade as a percentage of GNP to emerge. at 67 per cent, is very vulnera-



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# Approval for Haughey cuts

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FINANCIAL TIMES TUESDAY JULY 19 1988

ent tough economic measures NEVER HAS Mr Charles could have been implemented if Flanna Fail had continued to opposition. In power for most of the time since the Irish gained their independence from Britain in 1922, Fianna Fail regards itself as the natural party of government, more a national movement than a political party. Its one aim in

opposition was to block the government on every move and return to office as quickly as possible. Fine Gael has adopted the very different tactic of "princi-pled opposition." Mr Alan Dukes, Fine Gael's youthful new leader, has supported the broad thrust of government policy, claiming with some jus-tification that much of Mr Haughey's "economic pro-

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make ever greater impact on

can look back on a good 17 months in office. But tougher, times lay ahead as cutbacks

Haughey's conomic pro-gramme bears the Fine Gaci

But with many of its policies

hijacked by the government, Fine Gael has suffered some-thing of an identity crisis. Alongside his party's submis-

sive opposition, the opinion polls indicate that Mr Dukes has still to impress himself on

The Progressive Democrats.

since failed to make a signifi-

the electorate.

birthmark.

## **IRELAND 3**

Industry

An exports boom

# Millenium celebrations The Dublin bandwagon

IN CASE any visitor to Dublin has not noticel, 1988 is the year ireland's capital city is celebrating its Millenium. Well, that's what the officials Some scademics say next

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year is the proper date for the city's celebrations. Others point out that the first Viking the basik of the River Lifey in AD 341. Millentum organis-ers are unconcerned by such historical niceties. All year long, the Millentum has been in full swing, with more than 1,000 events due to take place in the city over the 12-month period. These range from the lavish to the obscure, the scholarly to the brash. Just finished is the special

Millenium Congress on Ani-mal Reproduction and Artificial Insemination. The Millen-ium Italian Week fish and chip shop race is over, as is the two-week festival in celebration of the capital's outstand-ing literary heritage. But then there is a Jewish

ek to look forward to, as ant celebrating Dublin's Viking beginnings. And in mid-November more than 6,000 Americans will-invade the city to watch a special Millenium American

Alongside all the pageantr and paraphenalis, which incindes Millenium wine ("ver-satile and rather catholic") Millenium milk bottles, umbrellas and, of course, tee

shirts, there is a serious side to the festivities. In the 18th century Dublin was the second biggest city in Britan, full of the Georgian houses of the Georgian houses of wealthy merchants and land-owners. The Millentum organisers have tried to create a awareness more among Dublin's population of the city's history and its beauty, badly scarred by developers and bad plan-

ning in recent years. The Millenium has more than its abare of critics. Many say that the 126m being spent on the calebrations would be better used solving the city's serious poverty, building and communications problems. communications problems. But a new awareness of what Dublin has to offer, its achievements and its cultural richness has been born. It is also predicted that the Mil-lenium will bring in some much needed revenue to Dub-

lin: 250,000 extra visitors are expected in the city in the course of the year.

> **Kleran Cooke** near-doubling of the volume of

**Helping foreign investors** 



MANUFACTURING has been exports over the same period. virtually the sole engine of growth in the Irish economy for all of the 1980s. Output has However, this has not been enough to stop industrial employment falling by 20 per grown 47 per cent in volume terms since 1980, resulting in a cent. There are two distinct sectors in Irish industry. Foreign-

a stroke, removed certain inhi-

Taxation

owned manufacturers employ 77,000 people. They are largely concentrated in a small num-ber of sectors including electronics, chemicals, pharmaceu-

been attracted to Ireland by the Industrial Development Authority (IDA), using a mixture of capital and training grants combined with a special 10 per cent tax rate for manu facturing profits. The IDA estimates that in 1986 foreignowned manufacturers' profits amounted to IE1.64bn or 24 per cent of the total value of sales of 126.77hn.

It is a totally different story with indigenous industry. With the exception of food, output in this sector has been declining by an average of 2 per cent per annum since 1973. These companies have suffered most from the corrective measures needed to tackle runaway public spending and a soaring national debt. Retail sales are down 11 per cent in real terms on the 1980 level.

owned sector is not an entirely unmixed blessing. Most of the profits generated by Irish subidiarie s tend to be repatriated by their parent companies. Such outflows amounted to If1.32bn in 1986 and a further

only 89 per cent or 152.84bn was actually spent in Ireland. The biggest single item was wages and salaries at I£1.08bn, or almost 16 per cent.

While the process of restor-ing the Republic to full economic health may yet take some time, there are encourag-ing signs. With last year's growth in manufacturing output likely to be followed by s further 10 per cent increase this year, industrial employment is likely to stabilise.

The export boom was the main reason for last year's remarkable 4.5 per cent growth in GNP. The 14 per cent jump in exports to 1£10.72bn was mainly due to industrial

exports which at 128.6bn now becomes intense. "We've got a represent 80 per cent of total exports. This proportion seems likely to increase further, as restrictions on the EC's Common Agricultural Policy (CAP) cuts agricultural output.

joh to do to get more of the imports of raw materials sourced here and more of the profits generated here invested here," says Mr John McMahon, the IDA's chief economist. When it comes to supplying

Carrick

on Shanno

overseas firms, the success of the indigenous printing industry stands out. Printing com-puter manuals for the electronics companies now established in Ireland has become big business. One of these companies, Printech International, saw its shares launched on the USM last November, less than 10 years after its foundation in 1978

At present pharmaceuticals, at and dairy products, computers and other electrical machinery account for 50 per cent of the total industrial out-

Der.

one that 1988 will

year of significant

5% to 31

For indigenous firms the outlook is not as bleak as it recently was. Retail sales were up 1 per cent in real terms for

the first quarter of 1988 and the hope is that the long decline is now over. Native firms are also beginning to grow to a size which allows them to compete in international markets. This is particularly true of the agries sector.

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NORTHERN IRELAND

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DUBL

One by one, the dairy co-op-eratives are transforming themselves into public limited companies. An Irish company, Goodman International, is now the largest meat company in Europe. Factors such as these allow Irish industry to look for-ward with some confidence to the coming of the single European market in 1992.

"Industry is very positive. This is for the very clear reason that 80 per cent of our out-put is exported. By far the pre-dominant interest of industry is to have free and open access," says Mr Connellan of the Confederation of Irish Industry.

#### **Dan White**

SOME IMPORTANT tax changes have been brought into law as a result of the Finance Acts 1987 and 1988, both in respect of corporate and personal taxation. The Irish Government, no

matter of what particular political persuasion, has been dedicated for several decades to encouraging investment, in the state, by foreign industry.

Through the system of state grants administered by the Industrial Development Anthority and Shannon Free Airport Development Company and through a wide variety of direct taxation incentives, the efforts to attract foreign invest-ment to the country have been rewarded to an imparalleled

degree. Historically, among the most important direct taxation incentives have been the corpo-

which has commenced. The development . consortium aims to build: I more than 750,000 sq. ft. of financial service office build-

 200 residential apartments C cultural centre, to include three massums, among them a children's science mus Bover 50 shops, pubs and

estaurants . I several cinemas and theatres Ci an international hotel with 300 bedrooms [].a 1,500-seat conférence and exhibition centre .

I) underground car parking for nearly 2,000 cars a training centre a belicopter port.

A wide range of trading operations will be eligible for permitted to operate at the the 10 per cent corporation tax rate; these activities must be privileged tax rate within the carried out on behalf of nonresidents of Ireland and, where relevant, in non-Irish curren-cies. Examples would include: (1) The provision for non-resident persons of services, in relation to transactions in foreign currencies, which are of a type normally provided by a bank in the ordinary course of its trade; examples will include hedging operations against exchange risks and interest rate risks or exchange control planning and management. (2) The carrying on for nonresident persons of international financial activities including, in particular: (a) global money manage-

brokerage activities. (4) Back office operations such as the provision for non-

bitions in the original 10 per cent rate legislation applicable resident persons of services of, or facilities for, processing, control, accounting, communito Shannon, relating to the concept of an "initial invest-ment" so that Shannon tax-free companies may now look for-ward with confidence to qualication; clearing, settlement or information storage In relation to financial activities. Furtherfying for the 10 per cent rate after the expiry of their tax freedom in April 1990. ore, activities will be permitted in respect of the development or supply of computer software for use in the provi-The Finance Act 1988 also

allows for a most innovative development which had been sought by indigenous Irish sion of the services or facilities of the type just noted. industry for some time. It (5) Trading operations which are similar to, or in any way approaches the style of exemption from tax in respect of repairlated dividends which is a feature of a number of countries' tax codes both inside and outside the Euroancillary to the operations described above; in this regard leasing, factoring (excluding debt collection activities). and. credit card functioning will be,

pean Community. Thus, for example, it is well

ticals and office equipment. The foreign companies have

The success of the foreign-

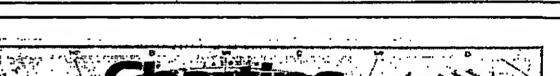
161.27bn last year. In its targeting of suitable foreign investment for Ireland, the IDA has concentrated on the high technology end of the market. While this may pro-

vide the best employment opportunities for a well-educated workforce, the linkages with the more traditional indigenous companies are minimal. The IDA reckons that of Mr Liam Connellan, directhe 1986 sales figure of I£6.77bn for the foreign-owned industry,

tor-general of the Confedera-tion of Irish Industry (CII), argues that Ireland, with its: small open economy, has no choice but to go for an export-led recovery. He believes that the worst is now over for Irish

industry. Indigenous firms are showing growth. Our competitive situation is improving. Our inflation and domestic cost increases are lower than those our competitors," says Mr Connellan

The IDA has been seeking to boost linkages between foreign-owned and indigenous companies as the available pool of mobile international restment dries up and com-- petition for what remains



rate tar freedom on profits derived from the manufactur-ing and exporting of goods. (known as export sales re the complete tax exemption for profits derived from business activities located in the Shannon Airport Zone, and since January 1 1981 the application. of the special 10 per cent rate of corporation tax to manufacturing industry.

Indeed, since January 1981 the privileged rate has been extended to more and more businesses and activities beyond the status of manufacturing per se; the most impor-tant recent extension of the 10 per cent rate is to trading operations located at the International Financial Services Centre on an old waterfront area of the Dublin docks known as the Custom House Docks site.

The Custom House Docks site occupies an area of approximately 27 acres and the total ent is to cost something in the order of 12250m. the work in connection with and international insurance



Aran Energy pic is ireland's leading independent oil and gas exploration and production company. Its main activities are in the United Kingdom and Ireland offshore sectors where it has interests in a total of 84 offshore blocks; these include the Kinsale Head gas field and the Forties oil field, from which the Company receives revenues. In addition the Aran Energy group has downstream marketing and distribution operations in Ireland.

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(b) international dealings in foreign currencies and in futures, options and similar financial assets which are denominated in foreign curren-

(c) Dealings in bonds, equities and similar instruments which are denominated in foreign currencies.

(3) Insurance, reinsurance

site is most convenient to the central husiness and shopping districts. The Irish Government is anxious to see that there is development of inner-city areas generally, especially with a resurgence of residen-tial units. Earlier tax incen-tives enshrined in the 1986 country. Finance Act will aid this pol-

icy; thus: • Tax depreciation allowances are given in respect of commercial buildings and structures in the area. The normal tax rules prohibit tax depreciation other than for buildings classified as industrial buildings.

The Custom House Docks

There is a double rent allowance for the purposes of com-puting trading profits for tax purposes for the first 10 years of a new lease. : Local government taxation

(known as rates) are also freed for the first 10 years in respect of buildings erected, enlarged or improved on the site.

• There is a relief to corporate lessors or to individual lessors for the construction or conver-sion cost of dwellings provided for rental.

• There is a deduction against an individual's taxable income for expenditure incurred on the construction or refurbishment of owner-occupied dwellings. The Finance Act 1988 shows no

slowing down of the Govern-ment's determination to create a corporation tax environment interesting to foreign investors in Shannon. Reference has already been made at the outset of this commentary to the valuable tax exemption intro-duced for companies in the mid-1950s trading within the Shannon customs Free Zone; the principal requirement of the tax legislation was that industry should contribute to the growth of the airport and

to the zone. While new companies establishing for the first time since 1981 have been able to enjoy the 10 per cent rate for activi-ties which in the opinion of the ter for Finance contribute to the development of the airport, there had been a growing anxiety as to what would happen to the tax position of companies which have been bene-fiting (and will continue to benefit until April 5 1990) under the exempt-style Shannon relief.

Nothing appeared in legisla-tion to allow those companies to proceed automatically to the new 10 per cent rate after April 1990. The Finance Act 1988, at

in the Dutch tax code is the principle known as the participation exemption wherehy overseas profits of subsidiaries can, subject to certain condi-tions, be repatriated to the Netherlands tax-free in that

Without any fundamental, change to the Irish tax code which is based on the principle of double taxation relief by credit when profits are repatriated, it is now provided that in certain circumstances dividends received by a company after April 5 1988 from a foreign subsidiary will not be taken into account for corporation tax purposes if those divi-dends are applied for the pur-poses of an investment plan approved by the Minister of Finance - directed towards the creation or maintenance of employment in a trade carried on within the state.

The shareholding in the for-elegi subsidiary must be at least 51 per cent of the foreign company's ordinary share capital. That subsidiary, in turn, must be resident in a country with which Ireland has a double taxation treaty; at the pres-ent time Ireland has 21 such treaties.

Personal income taxation remains relatively high, partic-ularly when compared with the substantial decline in personal tax rates in the UK. However, the Irish Government has embarked upon a programme to bring personal taxation rates down while, on the other hand, working to improve the returns to the Exchequer by increasing the powers of the Irish Revenue Commissioners to provide a broader base for tax liability and a much more effective collection procedure.

In the January 1988 Budget the Minister for Finance nced a number of fundamental changes in tax assess-ment and collection procedures would be made; the Finance Act 1988 goes a long way to moving towards the self-assess-ment principle. The new arrangements will place significant responsibilities on taxpayers for meeting their own tax obligations and are intended to reduce the levels of estimated taxation assess-ments and to streamline and significantly reduce the number of appeals.

A. Graham Williams The author is a partner in Ernst and Whinney, char-tered accountants, Dublin.

# Glarune a Course in International Communicatio

For the year 15 years, indepen-dent Newspapers has tallowind a diarry defined and locked path which has positioned the Group to other international company colors business its financial and indications increased indications in increased indications be and a clar-the difference of the group of the finan-tion of the group of the group of the indications be and a clar-the difference of the group of the group of the indication of the group of the group of the indication of the group of the group of the indication of the group of the group of the indication of the group of the group of the group of the indication of the group of the group of the group of the indication of the group of the group of the group of the indication of the group of the group of the group of the indication of the group of the group of the group of the group of the indication of the group of the group of the group of the indication of the group of the group of the group of the group of the indication of the group of th

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INDEPENDENT REV

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**IRELAND 4** 



The customs post between Monaghan and Armagh; and horse-riding at Tumpike Rock, Gap of Dunloe, Killamey

## Potential of the industry has not been realised - Haughey

# The case of the missing tourists

IRELAND, as anyone who has ever been there will tell you, has some of the most beautiful and unspoilt scenery in Europe. It has a small population and miles of isolated countryside, 680,000 acres of lakes and 9,000 miles of river. Yet the story of Irish tourism

is not a particularly successful one. Last year 2.037m tourists visited Ireland, a 12.4 per cent rise over the 1986 figure. Reveune from tourism has steadily increased from I£417m in 1981

over as Prime Minister in March last year. to I£685m in 1985 to I£721m last

Such growth figures are only modest compared to much of the rest of the world. "It is now Most alarming for the government is that in recent years Irish people going abroad have spent more than the country earned from incoming tourists. clear that we have been failing to realise the potential of our tourist industry. During the In January 1987 a special tourism task force was given four weeks and a budget of last decade, when world tourism markats were growing buoyantly, we either lost mar-ket share in some countries or If4m to coma up with new ideas for promoting Ireland our share remained static in overseas. One result has been a "write and invite" campaign others," said Mr Charles Haughey, soou after taking

under which about 3m cards

were distributed within Ireland. asking people to write to con-tacts overseas about the holi-days available within the country and the new air fares and routes which have made travel to Ireland cheaper and more

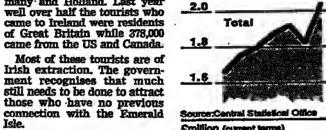
convenient. So far, nearly 100,000 replies to tha cards have been received. It is hoped that for-eign tourist revenue will climb. to 1£900m this year and be over E1bn by the end of 1989. Bord Failte, the Irish tourist

board, is putting emphasis on "theme holidays," with all-in-clusive golf, riding, sailing and fishing expeditions, carefully tailored to the tastes of the foreign visitor. The board wants to see a growth in tourists from main-land Europe, particularly Ger-many and Holland. Last year

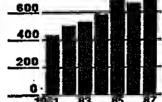
pollution in many rivers and lakes and a rash of ill-con-ceived and umplanned building has cast a blot on areas of once beautiful countryside. Moreover, Ireland is still an

expensive country. It needs to make itself far more interna-tionally competitive if ambitious tourist growth projections are to be met. Mr Haughey's government is keenly aware that action is needed. "A second-rate tourist industry will not meet the requirements of our national economic recovery," says the Prime Minister.

#### Kieran Cooke Overseas visitors Utilion



Emilion (current terms) However, Bord Failte, along 800 Revenue 600 there are other problems. The ongoing violence in Northern Ireland is still an important



especially those who are first-Sourcecirish Tourist Board

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# Stock market Better than Tokyo

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ANYONE WHO survived the Crash of 1987, or who had funds to spare afterwards. would have done very well by investing on the Dublin stock

one of the most volatile in the post-crash period. Within three weeks of Black Monday, the equity market had lost 40 per cent of its value. The exposure of many leading hish compa-nies to the US, especially Jefferson Smarfit, which accounts for 20 per cent of the market valuation, led to heavy mark-downs amid fears that a major

Those nears have received, and as they did so, the market rebounded. The result is that it has gained 45 per cent during 1968, far exceeding the rises in London and New York and beating even Tokyo's 31 per cent increase

Brokers believe the market is fairly valued again in com-parison with London and other centres, and expect it to track the international trends for the rest of the year. But it has been a nerve-racking ride for

Turnover on the Dublin much the more important part of the market

Stockbrokers, however, rely more heavily on equity deal-ings for their income and the steep decline after the crash sent nervous tremors through their offices in the environs of the Stock Exchange in Angle-sea Street. Many of those same offices had been much expan-ded during the boom, with an emphasis on front office share shops where callers could inquire abont investment or complete transactions.

At the bottom of the trough in December, equity turnover in one account period fell to I£48m, a far cry from the record IE374m set in the account period to October 23. There was talk of lay-offs, amalgamations, even failure among broking firms. In the event, little blood was spilled, although there has been general tightening of costs all round.

The country's biggest broker, J & E Davy, moved up the street to plush new offices and the rest of this year and has been able to make the first net

repayments of foreign debt an expanded dealing room on the site of the old Hibernian Hotel. Two of the older firms, Bloxham, Toole, O'Donnell, and Maguire McCann Morrisince the 1970s. Its position has been helped by foreign enthusians for Irlah gilts, with a net inflow of around issoom in the first half. son, merged to become Bloxham Maguire and formed a joint company with a consul-tancy firm; a reflection of the need to offer a wide range of

FINANCIAL TIMES TUESDAY JULY 19 1968

girs, with a finite first hear, of the year. The main concern of the Department of Finance now is to reduce the cost of its domestic funding. Officials believe it is still too high, and that gilt yields do not reflect the progress in curbing the budget deficits. Neither the department nor investors seem happy with the current working of the market. Barlier this year, Mr Tony Has-lam, investment manager of Irish Life Assurance, one of the biggest Dublin institutions, said changes were needed which reflect the needs of mar-let users and not just stockket users and not just stockbrokers.

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brokers. Deregulation after London's Big Bang had led to some reduction in commissions -though Mr Haslam thinks they are still too high - but no structural changes. Among the changes he most wants to see is the establishment of a gilts actilement office to reduce the potential exposure of market

The Department of Pinance also wants changes, especially any which might bring down the cost of funds. Earlier this year it isunched a gilt denominated in European Currency Units (ECUs) in which Allied Irish Bank agreed to be a mar-ket maker but it seems doubtful that this made the way forward any clearer. The problem is how to separate the market making function from the funding role, in a market where three of four major play-

ers dominate the scene. The Dublin stock market is looking to the future in more ways than one. At present, there are two proposals for the establishment of a futures and options market; one from the Stock Erchange itself, using, the Topic information system, and one organised by National City Brokers, who have devel-oped a screenbased dealing sys-

One thing everyone agrees upon is that there is room for only one such operation. NCB is the favourite, but so far. no-one has found a face-saving formula to let whoever loses exit gracefully.

Brandan Keenan



WHEN THE Channel Tunnel is completed, Ireland will be the 1986. only country in the Community not connected to mainland Europe.

Improved communications and the need for frequent and cheap services in and out of Ireland are becoming increas-ingly vital. Already there has been something of a revolution in the skies. Now a London/ Dublin air ticket can be purchased for as little as £29 one way. Two years ago the fare would have been three times

that. Low air fares have brought a dramatic increase in passenger traffic. Over the past two years passenger traffic between Dub-lin and London has grown by 65 per cent. Passenger numbers at Ireland's three main airports - Dublin, Shannon and Cork totalled 5.2m last year, an

Perhaps most significant of all has been the opening up of the more remote areas of Ireland to aircraft traffic. A new airport at Knock, in the west of Ireland, has been open under two years but is already turning in a small operating

profit The critics said Knock would never work, but the bookings seem to have proved them wrong. Each week this summer more than 40 direct Londou flights will be going to Knock. And Sligo, in the north-west of the country, is another airport

which has seen a dramatic growth in traffic. Not only has the Irish gov-ernment liberalised air transport with other countries rest of Europe. most notably signing a far-reaching access agreement

has also allowed greater com-petition in the home market. Competition between Aer Lingus, the state carrier, and Ryanair, an independent air-

line which started operation in early 1986, has become excep-tionally fierce, particularly on the profitable London route.

British Airways, Dan Air and Virgin Atlantic have all cutfares. A multitude of new routes has been opened.

For the passenger, who for too long had to pay some of the highest per mile fares in the world to fly in and out of Ireland, the new "open skies" policy is very good news. For Ireland, it is a vital develop-ment in its integration into the

time visitors from Britain. Ireland is not as unspoilt as it once was: there is increasing Kieran Cooke

when the same is the second second

with other government bodies, has seen its budget cut and its

resources for vital overseas

marketing are limited. And

factor in discouraging tourists,



US recession was imminent. Those fears have receded

cent increase.

all concerned. Stock Exchange last year was over 1238bn, a 37 per ceut increase on the previous year. Not surprisingly, it was a record year for equity turn-over, but at I£4.260n, it high-lighted the fact that trading in government bonds, or gilts, is

yet. Among the more signifi-cant trends was that of Irish Agricultural Co-operatives to seek pic status to help fund their development into genuine food companies, rather than mere processors of milk and meat for EC intervention or meat for EC intervention or commodify markets. The path was blazed by Kerry Group, which has a cur-rent market valuation of 12150m. And even post-crash blues could not weaken enthu-siasm for the country's most successful beef baron. There participants.

was a rush to buy the shares when Mr Larry Goodman transformed grain company Merchants Warehousing into Food Industries plc, and the share price is up 75 per cent from its launch just two months ago. Pressure from government

and market locations population again. Having gone more than 10 years without a new com-pany coming to market, Dublin saw a rash of them from 1986, and the strate has not dried

and the stream has not dried

ministers anxious to reduce exchequer support for develop-ing Irish companies helped spur the formation of the Smaller Companies Market, where flotations of less than 19300,000 can take place. Some of those who came to the SCM. such as computer manual printer Printech and portable soldering iron manufacturer Oglesby & Butler, look highly. promising but would not have dreamed of seeking stock martem

the trinks few years ago: The Irish government's huge borrowing raquirement' ensures a busy git market but the improvement in the bud-getary position under Mr Haughey's government has altered the landscape dramatically. The Exchequer has already raised more than enough funds to finance it for

Additional research for this survey by John Maher Trinity College, Dublin.

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والإعلام والمائل والمستقير المراجع والإمراج والمحار المراد أبكر فالما والتعايلا FINANCIAL TIMES TUESDAY JULY 19 1988

# okyo Summer sculpture William Packer visits Jesus College, Cambridge and the Forest of Dean

Oxford College pardens dur-ing the long vacation. Though it came to nothing, Though it came to notiming, the idea was in general sym-pathetically received, but we did suffer a rebuff from the Garden Fellow of one great College, who told us firmly: that old stone and modern art do not mix. Of course he

All art was modern art in its time, and even the newest may take its place happily in an ancient or established setting. As with architecture, the issue is one not of narrow category, which merely invites pastiche, but of qual-ity, magination and common

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An admirable demonstra-tion of this truth is now to be had at Jesus College, Cam-bridge, where the Master and Fallows have allowed the work of six artists into their courts and gardens. For Sculpture in the Close (until July 31: sponsors include the Henry Moore Foundation, Bar-clays Bank, Sun Alliance and Bastern Arts) they were encouraged to work, if possi-ble, to the particular site. But not all could, and with his large, classichl "Bronze Horse" of 1983, that steps out so prondly across First Court, Barry Flanagan shows plainly enough that the most appropri-ate piece need not be, to use the jargon, site-specific. Denise de Cordova's symbolic carvings sit more privately among the bushes off to one side, with

Some years ago I was . Keir Smith's carved railway involved by a friend in sleepers, no less symbolic but a scheme to put mod-ern sculpture into some grass nearby. more finely worked, on the grass nearby. But the site-specific pieces,

But the site-specific pieces, though not necessarily the more effective, are naturally the more intriguing in such circumstances. Veronica Ryan has been artist in residence at Jesus this year and played a large part in organising the exhibition. Her own man piece is an installation in the tiny Cloister Court, where she has scooped a succession of shal-low and ambiguous cavities from the smooth turf, each of which she has lined with crum-

from the smooth turf, each of which she has lined with crum-pled, light lead sheet. David Nash's work is in Pump Court, where his "Beech Bottle Bush," a tower of rough beechwood blocks, closely ech-oes one of the ancient, wonky topiary bushes against which it is set up

is set up. But the most spectacular, as it is the simplest, of all the site pieces is another installation by spadework. Richard Long has cut into the turf of the Fellows' Garden five concen-tric circles, the widest some 30 feet across and all of a consist-ent 6 foot wide V section trench. It is a simple image of no particular reading, yet. fraught with ancient associa-tion and possibility: magic cir-cles, nine men's morris, "quant mazes in the wanton green." The turfs have been kent to be replaced when the kept to be replaced when the show ands, but the Master, Colin Renfrew, its chief proponent, would like to have them sown with a different grass to preserve at least the shadow of this strange, potent and satis-

fying work.

Keir Smith and David Nash are two of the nine artists who two of the nine artists who took part, two years ago, in phase I of *The Forest of Dean Sculpture Project*, by which particular works were commis-sloned to be set up more or less permanently in the Forest. The Arnolfini, Bristol and the For-estry Commission were behind the scheme (with further spon-sorship from the Henry Moore Foundation, The Carneele UK Foundation, The Carnegie UK

Foundation, The Carnegie UK and The Elephant Trusts). The hope was always that the project would run to a phase II, and so it has turneff ont. Indeed the project has been so successful that the issue is now not one of whether to continue but at what point to leave off.

This time Art Landmarks of Bristol has taken over from the Arnolfini the organising responsibility, but all the other sponsors have remained with the project and South West Arts, Gloucester County Coun-cil and the Ernest Cook Trust have joined in. Phase II was officially inaugurated last Sun-day, at the Speech House Hotel on the B4226 between Coleford and Cinderford.

The contrast could hardly be greater between the wild wood of the Dean and the cropped lawns and old stone of Cambridge; but the point is the same. If the piece is successful; it informs the place it occupies, kempt or unkempt, quite as much as it declares itself for what it is. Magdalena Jetelova's huge timber "Chair" on its hilltop is as spectacular as I



ARTS

#### Barry Flanagan's bronze horse in the quad at Jesus College.

remember it, and David Nash's "Black Dome," a low mound of charred timber posts coming ont of the ground like old teeth, covered in moes, the gaps now filled with rotting leaves, sits more mysterious and beautiful than ever in its

and beaufiful than ever in its sunken, quiet clearing. I was able to see three of the new pieces actually in place. "Rose in Hand" by Tim Lees stands on a natural platform above the entrance to a long-disused drift mine, from which it takes its name. Three large elements of local pink sandstone carry the record of all cutting and carving on their

surfaces, from the first split to the final polish. But it is also a kind of monument, a portal perhaps, or a fallen menhir.

"House" by Miles Davies is a narrow tower on four legs of rusted metal, 20 feet tall, which ends in a simple house-shaped block tossed high among the trees, its stillness pointing the incessant, nervous movement of the forest. "Observatory" by Bruce Allan is a simple, almost ceremonial ascent, to a plat-form some 12 feet above a quiet pond. The descent is at least as positive, a conscious re-entry into the living forest from which, for a moment, we had

set ourselves apart.

by now Zadok Ben David, who represented Israel at the Venice Biennale, will have put his symbolic, silhouetted deer to browse above the stream. Peter Randall Page will have set his large carvings, one based on a pine cone, the other on an acorn cup, on a bracken covered hillside. And Cornelia Parker's "Hanging Fire," three boops of orange-rusted cast-iron flames that combine into an inverted cone of fire, will have been slung 20 feet np around a tree. Still to come are works by Sophie Ryder, and Ian Hamilton Finlay.

## Girl Crazy GUILDHALL SCHOOL

This 1930 product of George and Ira Gershwin (music and lyrics), book by Gny Bolton and Jack McGowan, was designed to belp launch the young Ginger Rogers as a Broadway star after her first film successes. Such numbers, now vintage Gersbwin standards, as "Embraceable You" and "But Not for Me" should be enough for any musical, but Broadway was about to create another legend. A salty-tongued, leather-lunged unknown from vaudeville, a brassy broad with a vocabulary brassy broad with a vocabulary that would curl a metelot's hair, a voice like a foghorn, and limitless breath-control, was entrusted with an up-beat number noisy enough to cover a scene-change. The song was "I Got Rhythm". The former Ethel Zimmermann burst on the world as Ethel Merman. And Ginger Rogers thereafter concentrated on films.

concentrated on films. The students from the Guild-hall School of Music and Drama are in Cambridge this week with their highly enjoy-able production. As ever with the Guildhall there is a first-rate orchestra (25 strong) - the programme reminds us that the Broadway band included Benny Goodman. Gene Krupa, Glenn Miller and Jimmy Dorsey! Only the voice amplification seems odd: when miked, the singers sound cut off and distanced rather than projected into the house. The story is slight but much less inane than the usual musical-comedy peg to bang a string of songs on. Girl-crazy Danny Churchill is sent to Custerville, Arizona, for two years by his wealthy family in an

Sph-plots have Goldfarb, a stranded New York cab-driver, standing for sheriff, a post that incurs a high mortality-rate; a couple of crooked cowboys; and a wise-cracking couple redolent of gambling saloons, Slick Fothergill and Frisco Since Fornergin and Frisco Kate. A diversion to Mexico where the populace mislead-ingly sings "The Land of the Gey Caballero" leads to lovers' tiffs, a police chase, and even-tual reconciliation.

15

There are some funny lines ("She's got calves only a cow could love"), some of which may have been added later. Certainly the byplay between the two crooks and the fugitive Goldfarb in woman's disguise gets near the kouckle; and do the lines "On Western prairies/ We shoot the fairies/Or send them back to the East" really come from the original?

Ben Miles and Anne Riley are romantic as playboy and are romanic as playboy and postgirl: interesting to hear "Embraceable You" sung in strict time after fifty years of smoochy versions. The torch-song side of the Gershwins' talent is brought out by Mary Whitcomb's Frisco Kate. In the Guildhall's sumptuous Orlando earlier this year she was demure in crinolines; she makes no attempt to "do" a Merman, despite a slight facial resemblance to a blonde Jane Russell, but pours out "Boy, What Love Has Done to Me" and "Sam and Delilah" with warm, lyrical tooe. Mario Fran-goulis (also notable in Orlando's supporting cast) does a back somersault. Gerry Teb-butt's choreography makes "1 Got Rhythm" utterly infec-tious: James Simpson's musical direction underlines quotations from Rhapsody in Blue and Die Walkure; Martin Connor directs.

**Martin Hoyle** 

In the Paddington Style SOHO POLY

In his Notebooks, Athol Fugard skimpily refers to his produc-tion of Brecht's Caucasian Chalk Circle with the Serpent Players of New Brighton in 1964. "Fear setzed Azdak" tran-sitively: the schoolmaster of the amateur group was besten up by the police and detained for . 90 days, and Fugard replaced him as the alcoholic judge. judge.

John Matshikiza's rambling, awkward but thoroughly enter-taining play at the Sobo Paly sends up Fugard something rotten in the ludicrously intense figure of a hard-drinking Afrikaner director from Port Elizabeth, Ermin du

In his Notebooks, Athol Fugard that Matshikiza (who also directs, too indulgently) should really have gone the whole hog and done his own relocated version of the great play. This would have caused problems, I admit, with Bhundu, whom Burt Caesar presents as a smiting, vicions flesh-presser whose beautiful wife (Marsha Millar) finds respite from childbirth only with the Paddington . Players, where she is interra-cially cast as the Governor's

lady, There is much spirited social knockabout in township kitchens and during rehearsals. The acquiescent colonial Quigley (donbled by David Mallinson with a soruld police of thought everyona was black, including himself, until he was sent to Eton. And the scraphic Jabu Mbalo-illnminates each scene he illnminates each scene he plays as rabbit, peasant and post-independence pink fla-mingo, with a sweet incompre-hension worthy of one of Fugard's own greatest collabo-rators in New Brighton, Winston Ntshona. Tam Dean Burn's perfor-mance as Du Preez is as crudely drawn as his Ostrov-sky role for Cheek By Jowl earlier this year. Fugard as a fig-ure of fun is not something that had occurred to me before, and I hope this vaguely slan-derous, satirical outline is offered In a spirit of either affection or mere jest. If not, its place in Sunday's Nelson Mandela birthday benefit was surely in poor taste.



Commemorating the Holocaust COVENT GARDEN

The concert given by the London Symphony Orchestra in the Royal Opera House on Sunday night was designed specifically as a commemora-tion of the Holocaust, it was held to mark the end of a week-long conference in Lon-don, "Remembering the Future," on the impact of the Holocaust on Christian-Jewish relations in the modern world. The programme, conducted by Wodlemar Nelsson, was pre-dictably sombre and preoccupled, as well as strangely ordered - it is hard to imagine any work following Shostakovich's Fourteenth Sympbony, but that took up the first half of this concert, and Britten's Sinfonia da Requiem and the Adagio from Mahler's Tenth

Symphony came afterwards.

The LSO played without the benefit of the acoustic shell added to the Covent Garden

stage for the concerts given by

the house orchestra, but from a press seat barely a dozen feet

from the principal cellist's left elbow it was in any case impos-sible to judge the quality of the

overall sound or often the detailed accuracy of the tex-

Certainly the Britten and

Mahler seemed sometimes approximate, and the hig Ada-

gio especially was woefully lacking in drama - the arrival of the famous catastrophic dis-

sonance was made to seem lit-

tle more than a passing inci-dent along a bland journey.

But much of the power of Shos-takovich's masterpiece was

preserved, largely thanks to the quite exceptional vocal per-

Shostakovich offered alterna-

tive performing versions for

tures.

formances.

the cycle of texts that make up the Fourteentb: they may either be all sung in Russian translation (the version usually heard) or the languages of the originals - Spanish, French, Russian and German - can be retained. This performance elected to sing them all In English -whether translations made directly from the original

poems, or via the Russian texts was not clear. Certainly it gave a powerful immediacy to the songs that was quite appropriate for the occasion, a pun-gency enhanced by both Josephine Barstow's and Willard White's singing. With such a pairing it was inevitable that first, to a rather mixed recep-tion; and that has now been the operatic undertones of

For years Bruch has been a one-work composer (the work in question being the favourite G minor Violin Concerto) and so any enthusiast for the com-poser has a lot of exploring to do. The conductor Christopher Fifield is one such, and having of his biographical study of Brach's life and works, he is now proving no less energetic in promoting the music itself. The opera Die Loreley came

However exotic the locations Odysseus wanders to, Bruch always stays unimaginatively on the well-trodden pathways of the German musical tradi-

tion. Regular four-bar phrases proliferate and the music has an uncanny aptitude for find-ing its way back to tha tonic, even when it started a phrase striding purposefully off in the opposite direction. It cannot be the easiest work in which to generate interest, but Fifield's enthu cated itself to the orcbestra and the combined choral forces of the Thomas Tallis Society and the Collegium Musicum of London, whose efforts made up in commitment what they lacked in finesse. The solo parts are gratefully written for the voice. The bari-tone Glenville Hargreaves provided suitably heroic vocal muscle for Odysseus; but the best singing came from the soprano Carol Smith in a variety of small roles and, espe-cially, from Susan Bickley, unshakably firm and resolute in tone as the mezzo Penelope. In ber solos, at least, the score seemed to tonch a deeper chord,

Bruch's Odysseus

ELIZABETH HALL

skirts).

attempt to calm him down. The plus-foured playboy falls for

the only woman in town, the

postmistress, and opens a dude-ranch for tourists (squeal-ing girls in fringed buckskin

Independence is in the neighbouring air of Rhodesia and Nyasaland, but the Pumpkin Players of the Paddington township are performing adap-tations of Beatrix Potter in anitations of Beatrix Potter in ani-mal skins while Absalom King-dom Bhundu, tha local mortician and rising political star, is deciding whether or not to embalm the elusive corpse of the group's little old white lady founder. Art infiltrates events on sev-eral levels. First, white liberal colonials are shown as draw-ing-room comedy, characters.

ing-room comedy characters. Then, an official clampdown-results in a black, Ortonesque scenario of police pursuit and intrusion.

And, most richly, the town-ship theatricals are cleverly enmeshed with pre-Indepen-dence debate on who owns the valley, with riots in the Governor's palace, and the doomad love of Grusha and the soldier. At which late point you feel

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ment, coni

Timothy Brown the

L'Incoronazione di Poppea by Monteverdi, with London City Opera and City of London Baroque Sintenia directed by Richard Hickoz. Christ Statutidalis (Mon and Wed).

226 5060). Drchestra of the Age of Enlighten-ment, conducted by ivan Fischer with Timothy Brown (Lorn). Mossart, Gold-mith's Hall, Foster Lane (Mon). (205

5065. Dartington Piano Trin. Haydn, Clara, Schumann and Brahms. 10 Trinity Square, EC3 (Mon). (286 5060). The Chamber Music Company. Mos-art, Schubert, Liszt and Besthoven. 10 Trinity Square, EC3 (Tos). (285 5065).

10 Trimity Square, 5.13 (108), (38 5006). London Symphasuy Orthestra and Chorus, conducted by Knit Sander-ling Brahms Gernan Bequiem, St. Faul's Cathedral (Wed), (285 5005). Aquatias, conducted by Nicholias Cisobury with Jill Gomez, sourano, and Triple Threat Dance Company. Falls and Gerhard (Thur), Queen Eduation Hall (528 3191).

OPERA AND BALLET

with Swan Lake and an inter-set of triple hills. (836 3161).

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Paris

West Germany.

\$ 15 m

> Burt Caesar, Jabo Mbalo and Pamela Nomvete

# ARTS GUIDE in small villages from the island of Sylt in the north to Wotersen in the south, as well as in Manburg and

Lameburg. Highlights are the Residval Orchestra, conducted by Leonard Bernstein and Sargiu Celebidache and Christoph Bedrenbech; Cuisespe Shoopoll and the Philharmonic, and Iona Brown conducting the Academy of St. Mar-th-in-the-Faids, Soloists include Gidon Kremer, Shlomo Mintz, Hein-rich Schiff, Hermann Prey and Peter Schreiter, Schleswig Holstein Pestival, Postiach 3949, 2300 Kiel, West Ger-many, (0431 83070). amy. (0431 81070).

#### Netherlands

Austerdam, Concertgebouw (Recital Hall), Yuuko Shiokawa, violin and Andres Schiff yiano (Mon); Fine Arts Quartet (Wed). Ansterdam, Nieuwe Kerk (Dam Square). Bernard Winsenins, organ: Van Noordt, Blow, Purcell (Mon). The Consort of Musicker Porter, Lawes, Locke, Humfrey, Blow (Thur).

#### Haly

Rome, Flazza del Campidoglio. Mezzo-soprano Barbara Courad singing Han-del, Brahme, Falla and Hall Johnson, accompanied by Patricia Sage (Wed). Petro Ignacio Calderon conducting Rachmaninos's piano concerto No. Schleswig Holstein. This summer's festivel has been extended to 176 con-certs in 29 different vennes. World class musicians will be performing

and places, Funct and Mephisto become two facets of a dual personality.

3 (with planist Michael Endy), Stravn-sky's Petrushka and three damoss from Estancia by Ginastera (Thur). (654 1044). Bonne, Villa Modici. Gregors Nowak conducting works by three modern lialien composers: Luigi Nono, Gia-como Marnoni and Giandio Ambro-sini. (Tues). Bonse, Chiesa di San Luigi dei Fran-cesi Vespri Solemi, a reconstruction of 17th century works (Thur). (31.50.53). Bavema (Ravenna Festival), Loggetta

(a) 2020). Bayenna (Ravenna Festival), Loggetta Lombardece. Monserrat Caballe and Marilyn Horn sing Bellini, Donizetti and Rossini (Tues). (32577).

# Tokyo Schweis Nihon Symphony Orchestra, conducted by Ondrei Lamard, Verdi Requism. Tokyo Bunka Kalkan (Mon). (985 4956). Traditional Japanese Music: Music of the Edo Period. Daishnin. Semo-Ji Temple, Assicus (Mon, 3pri), (408 1126).

New York Mostly Mozart Festival. Mostly Moz-art Festival Orchestra, conducted by Gerard Schwarz with James Gal-way and Eugenia Zukerman (Inites). Mozart, Mercadante, Cimerces (Tue), Chamber music concert with James Galvay (Inite), Joseph Swemsen (vio-lin), Paul Neubaner (viola), Philip Moll and Jeffrey Kabane (planos). Buethoven, Schubert, Mozart (Thur). Avery Fisher Hall, Lincoin Center (3/4 224). Jazz in July. A fortnight long fastival begins with Dick Hymau's Perfect Quinter playing Gershwin (Tue). The Duke's Descendante and guest artists play Duke Ellington (Thur). (Kauf-New York

1126). Maxim Vengerov (violin). Mozari, Beethoven, Chausson, Debnasy, Sun-tory Hell (Mon). (235 1661). Chamber Munic by Japanese compos-ers: Paris as Matsphor. Sogeisu Hall (Tues), (408 1125). London Brass. Bizet, Cabrielli, Tokyo Bunka Kalkan (Tues). Couperin, Bach. Casals Hall (Thurs). (545 5345).

emphasised, but nevertheless one was hardly prepared for the dramatic power of the Apollinaire Lorelei dialogue, nor for the withering intensity that Miss Barstow brought to "Les Attentives I," or White's

some of the numbers would be

Cles Anteinives 1, or white's simple directness desperately moving, in "A la Santé." Only the closing moments of the symphony failed to realise their full weight, not through any shortcomings of the solo-into hut horoway Nolocom failed ists, but because Nelsson failed to extract the necessary mas-sive unanimity from the LSO. Still, the performance was enough to efface memories of the remainder of the concert, and to foster the hope that Bar stow and White may take part in a performance of the sympbony that can heard in a more appropriate hall, and per-haps one with a more alert orchestral contribution.

Andrew Clements

mann Hall). (996 1100). Satori Quintet. Wind ensemble physing Danzi, Malcolm Arnold, Debussy. Free concert at IBM Atrium, 56th & Madison (Wed 12.30 mat). St. Lubre's Chamber Ensemble, with Kathryn Selby (plano). Beethoven, Messiaen, Mussorgsky Caramoor Fes-tival, Bedford (Thur). (914 232 5035).

Bavinia Festival. Ensemble of Period Instruments, with Christopher Hog-wood conducting. Vivaldi, Telemann (Tue); Mozart, Haydn, Besthoven (Wed). Preservation Hall Jazz Band (Thur). (728 4642)

Chicago

July 15-21

followed by a performance of the secular oratorio Odysseus, given on Sunday afternoon by the Lambetb Orchestra. Despite Bruch's known enthu-siasm for Homer, this work does not set out to emulate a Homeric (or indeed Wagnerian) epic, and its selection of isolated scenes from the poem leavee ns with a piece that never feels convincingly

through-composed. For this Bruch's conservatism is partly to blame. Leitmotism is partly to blame. Leitmo-tifs were obviously out for somebody who stood so firmly opposed to innovation, but thare is also an absence of what Verdi would have called a special "tinta" in the piece – a colouring that might give the oratorio an identity of its own.

**Richard Fairman** 

# Bobby McFerrin

It is always a hit or miss business, dropping in on the rituals of a minority cult. Bobby McFerrin is not a hig name in the UK, but in New York he can stuff his mantelpiece with Grammy awards and sell out the Carnegie Hall. He also has a surprisingly large, and very enthusiastic, British following, (beautifully multi-racial by the way) which just about jammed the Victoria Palace on Sunday night for

this rare appearance. McFerrin'e act is unusual to the point of uniqueness. He was trained as a classical singer and has a fine voice with an impressive range from basso profondo to counter tenor. Rather than let it loose on opera he prefers to play games with it. He wanders on to a bare stage wearing old jeans and a loose red shirt, holding a hand mike. He then proceeds to perform songs using his voice to resemble musical instruments while tap-ping his chest with his hand to provide the beat. His skill is in switching from a low note to a high one in a masterly: they even provide different scala in the same the vocals in "Drive my car" breath. He also throws in some lyrics occasionally, while keep- instrumental backing. ing up tha background accom-brainent. It is lika a jazz all but there is obviously a singer who has forgotten his demand for these vocal pyro-lyrics desperately indulging in technics. I liked the man, and I scat, but bere the performance is programmed to perfection. It is, of course, intensely irri-tating to the non convert. Why not just sing "Somewhere over the rainbow" rather than Aptony Thorncroft

squeak out the notes, however

perfectly pitched. What saves the show is McFerrin's person-ality. He is relaxed to the point of liquidity. He spends many minutes shaking hands with most of the audience, and is quite likely when meeting someone with a name that takes his fancy in this case Dennis, to turn it into a melody.

Disappearing into the back of the stalls earned him some spairing shouts from the circle where he was lost to view. He immediately climbed up the theatre to perch at that level while serenading the girls in the balcony ebove. It was like being confined with a talented

but hyperactive teo year old. He probably realises that tapping your chest and grunting into a mike is a limited entertainment, so be livens up the act by enticing half the audience on stage to provide a chorus for an improvised Afri-can chant. He also lured on three girls who danced with amazing grace while he "dooahed" away. His hold on the affections of his fans was while he concentrates on the

enjoyed the quiet moment when he "chanted" a moving

Antony Thorncroft

### (47.42.57.50) Colisonn, London Festival Ballet Amsterdam Lyons Opera Ballet in Contrillon (Marin/Frokofiev). Muziektheater (Tue to Thur). (255 455). From the Paris Opera (Paleis Garnier). Flor Luigi's production of Norma, con-ducted by Maximianb Valdes, holds brilliantly the strands of the romanic transphy. It alternates with a produc-tion of Faust by Jorge Lavelli in which, against a background of metal New York

New York City Ballet. A week of per-formatices of Signund Romberg's . The New Moon comes at the begin-

ning of a 20-week season flat includes new productions of Rigolatio, Il Bar-biere di Sivigiia and the world pre-mière of Jay Reise's Rasputin. State Theatre, Lincoln Center (456 0600). National Ballet of Canada. A week-long season fistburing Omegin chorso-graphed by Cranko in one programme, followed by La Ronde parformed with Bine Snaka. Ende Into 22 Warrwooll Bine Snake. Ends July 23. Metropoli-tan Opera House, Lincoln Center (352

Machath (Verdi), with Shirley Verrett,

Tokyo

Justino Diaz and the Fujiwara Opera Company, conducted by Michelangelo Veitri and directed by Paolo Trevisi. Tokyo Bunka Kaikam (Mon, Wed, Thurs). (371 5384). Kudiyafiam: Classical Dance Drama of India. Laforet Museum, Akasaka (Mon). (461 0383).

(ator). (401 tests). Zephyre. World première revival of an opera ballet by Rameau, conducted by Jean-Claude Malgioire with the Barique Orchestra of the Tokyo Sum-mer Festival. Produced by Francois Raffloot. Shinjuku Bunka Centre (Wed). (250 1141).

16

# FINANCIAL TIMES Andrew Gowers on a breakthrough that could signal the end of the Gulf war

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday July 19 1988

# Iran opts for a ceasefire

ceasefire in its war with Iraq is the most welcome and hopeful internstional development since the agreement on the Soviet troop withdrawal from Afghanistan in April. Of all the regional conflicts, the Iran Iraq war has been the most costly, both in human and economic terms, and potentially one of the biggest threats to world peace.

The war has involved not only the two main protagonists, who are estimated to nists, who are estimated to have lost more than one mil-lion killed or wounded, but directly or indirectly a substan-tial part of the Arab world, the superpowers and tha oil-im-porting nations. It must be conidered something of a miracle thet, in spite of constant Ira-nian attacks on international shipping in the Gulf, the presence in the area of warships from the US, several other Western nations and the Soviet Union, and dangerous inci-dents such as the shooting down by the US of an Iranian airliner, a wider conflict has not broken out.

#### **US-Soviet relations**

Part of the reason can be found in the improvement in the relationship between the US and the Soviet Union since Mr Mikhail Gorbachev came to power in 1985. The international community, it is true, was slow in waking up to the gravity of the crisis when it broke out in September 1980. It took days for the UN Security Council to meet and, when it did, it failed to condemn the Iraqi invasion or to call for a return to prewar frontiers, merely asking for a ceasefire. Iran's feeling that the international community was hostile to its cause was partly rooted in this initial failure to condemn Iraq.

However, the members of the Security Council, not least the US and the Soviet Union, have made up for their initial inaction over the past year. Their adoption of Resolution 598 calling for a ceasefire and

close. Iran's statement yesterday apparently agreeing to a cease-fire drew a cautious initial THE announcement by Iran withdrawal of forces almost exactly a year ago was itself an the United Nations call for a achievement and an indication reaction from Western capitals that the US and the Soviet Union were genuinely interested in putting an end to the Gulf war. Even more remarkalready given rise. But if it is followed through, able is the fact that the Secuthe announcement that Iran is rity Council membera have prepared to accept uncondi-tionally United Nations Secustuck to their guns since then. The other factor that has rity Council resolution 598 - which calls for an end to hos-

played a big role in Iran's change of heart is sheer physi-cal and economic exhaustion, which has undermined the war effort and even the political unity of the leadership. A series of Iraqi victories since the spring of this year has century. There are other implicstions. An end to the war should lead to: helped to bring more moderate leaders to the forefront. The nomination last month of Ali Akbar Hashemi Rafsanjani, the Speaker of the Iranian Parlia tension in a region that con-tains more than 50 per cent of the world's proven oil reserves, and a consequent lowering of the political temperature else-where in the Middle East. ment, as head of the Armed Forces General Command, was an indication that those who wanted to reach an accommo-dation with tha West were • The possibility that the US and other Western nations can reduce their naval presgaining the upper hand.

### Low-key reaction

# That impression was reinforced by the relatively low key reaction from the Iranian

Government to the shooting down by a US warship of the Iranian Airbus. Nothing is more indicative of Tehran's more chastened attitude than yesterday's statement by the Armed Forces General Com-mand which said that bravery and defence of Islam could be achieved elsewhere than on the battlefield and by other than military means.

ducked and weaved. With con-siderable diplomatic skill, it The mere acceptance by Iran has staved off the threat of UN of the ceasefire resolution does not, of course, automatically bring the war to an end. The initial reaction of Iraq, which accepted the resolution in prinsanctions to enforce the call for a ceasefire. In April, Iran cam close to endorsing a plan for implementing the resolu-tion drawn np by Mr Javier Percz de Cuellar, the UN Secretary-General, but hardliciple shortly after it was adopted, was both critical of the language in which the Ira-nian acceptance was couched and suspicious of Tehran's real ners in the regime baulked at the last minute. There has been a palpable growth of war-weariness in Iran over the last year. And Iranian forces have been intentions. The US has also been very cautious, But at least the prospects for a settlement of a conflict which has destabilised the whole Middle East region have never looked ejected from much of the Iraqi territory they had captured in recent weeks. Taken together, these developments had led better since it began eight

fter nearly eight years, more than s million wasted lives Feb 79: Islamic Revolutionary Forces take over Iranian and hundreds of bil-lions of dollars, it looks for the first time as if the Gulf war Covernment

Sept 80: border clashes between Iran and Iraq ; Iraq invades Iran

Sept - Dec 81; Iran counter attacks, receptures Abadan

May 82: Iran recaptures Khorramshahr an appropriate response, given the number of false awns to which the war has

may finally be drawing to a

ence in the Gulf.

world.

In time, a major reconstruc-

tion boom, fuelled by interna-tional aid, which will benefit

companies from all over the

In any event, however, an end to the war will leave both

Iran and Iraq looking inwards, faced with a host of more or less intractable domestic prob-

lems. The Iranian statement yes-

terday came as a bolt from the

blue. In the 12 months since the Security Council unani-mously passed resolution 598, the Tehran leadership has

observers to expect that the conflict might be allowed to

wind down to s lower, more manageable level. But until yesterday, the package of

Italy, some in France and some in Scandinavia," said John Band, who heads the new firm.

Roach is owned by Elders

to found Ark Securities, s

Finance Group, a subsidiary of Elders IXL. Band helped

stockbroking arm of Banque Nationale de Paris, in 1986.

But he says Ark was becoming too much involved in the nor-

mal business of s commercial

banker, so he set out to find

a new backer. Elders fits because it is strong

fmancially. It is also already

in financial services, having

UK in the form of Cobbold

any takeover bids that may

go on in the European finan-

into Thailand.

a stockbroking firm in Austra-

lia, a private client firm in the

June 82: kaq retreats from last position on Iranian soil

Juty 82: kan reject Security Council resolution appealing for ceasefire; orders advance on Baghdad

tilities and the withdrawal by 1983: iranian offensive; Iraq attacks Iranian oil platforms both sides to pre-war borders - will open the way for an end to one of tha longest and bloodiest conflicts of the 20th

Feb - Mar 84: Iran launches major offensive to cut Baghdad- Basra road, advances into oll-rich Majnoon region • A significant reduction in

April - May 84: tanker war

Mar - Jun 85: unsuccessful Iranian offensive in Howeiza marshes; start of War of the Cities

tollah has consistently called for a continuation of the war until the overthrow of Iraqi President Saddam Hussein. Yet yesterday's statement from the newly-established Armed Forces General Command which could not have been issued without his approval -calls merely for the "exposure" of Iraq as the aggressor in an international inquiry into the origins of the conflict.

Yesterday's statement turns conventional wisdom on its head in a number of other ways. It comes close to stating thet Iran, which has been calling without obvious success for redoubled efforts at the battiefront for several months now, no longer has a military option, and that victory should henceforth be defined in diplomatic terms. It amounts to an admission that Iran, which has always insisted that the war and the revolution are one and the same thing, has been forced to choose between prosecuting the war and focusing on its economic, social and political problems at home. More broadly, it represents s tacit shandonment of Iran's goal of global Islamic revolution - which was always supposed to begin with the estab-lishment of an Islamic regime in Iraq - in favour of a more



mountainons northern region of Kurdistan, the battle lines broadly conform to the internaanxiously aware of its diplomatic isolation, with all that implied for access to interna-tional markets. The dangers of tional borders. As Mr Michael Armacost, the US Under Secrepolitical fragmentation; after Ayatollah Khomeini's death, tary of State for Political which many observers see as not far off, were potentially Affairs, suggested last week, this removes one of the most potentially tronblesome aspects of resolution 598 for Apart from sheer exhansthe Iranians - namely the withdrawal of forces. tion, however, there are sev-

eral reasons why Iran should have decided to cut its losses now. In the first place, there are signs of consolidation in Navy's shooting down of an Iranian civilian airliner over

Iran is tacitly abandoning global Islamic revolution in favour of "Islam in one country."

the political leadership around the pivotal figure of Hojatoleslam Ali Akbar Hashemi Rafsanjani, who has been parlia-ment speaker since 1980 and was last month appointed actthe effect of encouraging the prag-matists among the Iranian leadership. They protested to the UN Security Council about ing military commander in

Since being named to his new post by Ayatollah Khom-eini, Mr Rafsanjani has been working to bring Iran out of its international isolation. The decision to accept resolution 598 is almost certainly in large part his, and therefore a mark his political strength. The of mav

# Feb 86: Iran captures territory on Feo peninsula

May 86: Iraq counter attacks, captures Mehran but loses it in July

Aug - Dec 86: Iraq launches Intensive air attacks on Iranian economic structure Feb - April 87: War of Cities resumes; tanker war intensilies July 87: UN Security Council approves Resolution 598

July 87: US starts convoy operations for US flag ships in Gulf

May 87: US frigate Stark hit by Iraqi missile Mar 88: War of Cities

escalates; Iran encounters difficulties in long-threatened offensive

April 88: in response to mining of US trigate, US navy destroys 2 Iranian oil rigs and clashes with Iranian navy

April 88: US warships in Gulf offer assistance to neutral shipping

July 88: US navy shoots down Iranian civil airliner; Iran appeals to UN statement but that the state-

ment did not stem from a genuine desire to establish real, enduring peace. "It spoke of reasons and circumstances in a tactical multi-stage pro-gramme," he said. There has been evidence in

recent days that Iraq, which initially accepted resolution 598 on condition that Iran did. is stiffening its own pesce Thirdly, there was the US terms following its recent string of victories on the bat-tlefield. The fear among UN officials working for an end to the war has been that Iraq would become over-confident as a result of its military successes and scupper any chance for peace which did not meet its maximum conditions. Ominously, a statement from Presi-dent Saddam Hussein on Sun-day calling on Iran to accept the Gulf on July 3. That error, and the resulting death of all 290 people on board, has had an "honourable" settlement did not mention the impartial inquiry on the origins of the war which the UN is empow-- slightly surprising ered to set up under resolution

Iraq certainly has its reasons for wanting to avoid an investithe incident in the first direct Iranian contact with the UN gation, since the verdict would body for nearly seven years. And last week, Mr Ali Akbar Velayati, the Iranian Foreign Minister, evidently need his almost certainly lay a larger share of the blame on Baghdad and such a result might have unpleasant domestic political repercussions for Mr Hussein. presence in New York for the On the other hand, Iran's Security Council meeting to pursue intensive discussions acceptance of the resolution should now provide the inter-Dacked insurgenc national community - espe-cially the Soviet Union, Iraq's years. The Iranian leadership, having apparently broken the most important arms supplier hitherto unbreakable link - with an opportunity to put a measure of pressure on the between the war and the revolution, will have to find new Iraqi regime. If Iran's acceptance of

ing months; and if irst can be kopt in line; if all these hap-pen, what does the future hold for a region which has been shaken by the shocks of war-for longer than many of its tor longer that many in its inhabitants care to remember? One consequence of an end to hostilities would affect the

Western nations now maintain-Western nations now maintain-ing a costly naval presence in the Gulf - especially the US. But the most significant effects of an end to the war both political and economic -will obviously be felt in iran and iraq themselves. For both countries, an enormous recum-struction effort will be neces-sary in the next few years.

As the war has ground on, it

As the war has ground on, if has absorbed ever increasing proportions of their oil reve-nues. Iraq has got itself into debt to the tuna of perhaps \$60bm, the servicing of which will continue to be s major item of expenditure well into the 1990s. The industrial infrathe 1890s. The industrial matter structure in both countries — but especially in Iran, which — has suffered severe damage from Iraqi bombing raids — is in a sorry state.

All in all, according to Mr Kiyotake Tsuji, a research fal-low at the Japanese Institute of Middle Eastern Economics in Tokyo, the war had caused both countries total losses (in terms of extra military expenditure, lost gross domestic product and uninvested capi-tal) of \$415bn by 1986: \$189bn for Iran and \$226bn for Iran

Redirecting the resources of these two countries into peace-ful activities will clearly take time. If reconstruction is to be effective, their own funds will also need to be supplemented with international assistance, provision for which is made in resolution 598. But both Iran and Iraq will

have formidable potential and both will present enticing opportunities for international business — in a post-war era. Iraq claims to have the second Iraq claims to have the second biggest oil reserves in the world after Saudi Arabia, and has recently been unleashing the considerable energies of its private sector to revive trade, industry and agriculture. Iran is fertile and its large populace is bickly enterpricipe

is highly enterprising, Perhaps the higgest peace-time challenges in each case will be political. The ruthlessly authoritarian President Husauthoritarian President Hus-sein, who has used the war to tighten his political grip on Irag, will continue to face a host of problems arising from the country's delicate ethnic and sectarian mix – especially in Kurdistan, home of up to one third of its population and one third of its population and scene of a powerful Iranianі геселі

acute.

# **Unsolved** issues in electricity

years ago.

THE UK Government's plans for privatising the electricity industry are still incomplete and many of the most difficult issues have been left until last. It is high time these issues were opened up for scrutiny.

The 16-page white paper pub-lished in February sketched an outline structure, leaving uncertainties about the effect of regulation on commercial relationships within the indus-try, the allocation of risks and the conflicting pressures for high profits and low prices.

After five months of lobby-ing by different factions, the Government's thinking on these questions remains obscure. No considered analysis bas been published. Yet decisions to be taken while the privatisation Bill is being drafted over the next four to five months will be fundamental to the reshaping of one of Britain's most important industries.

The uncompleted agenda includes: the general powers of the regulator, the design of a formula to control prices and the extent to which generating costs will be passed through to consumers; the terms on which competing generators will be allowed access to the national and local transmission networks: the powers of the national grid company and methods for allocating unfore-seen and allowable costs in the nuclear sector.

#### **Efficiency incentives**

These are not details, as any regulator of the US private sector electricity industry will tes-tify. The reason is that in an industry characterised by large elements of natural monopoly most of the incentives for economic efficiency must be pro-vided by good regulation. For example, an apparently subtle change in the rules for passing increased fuel costs through to consumers can have s big effect on investment plans.

A permissive rule which required consumers to pick up all fuel bills could allow the industry to maximise profits by building too many cheap, inefficient power stations. On the other hand if generating companies were exposed to all the risk of rising fuel prices, as well as investment risks, the where necessary,

building of large fossil fuel plant could be stifled, as has happened in the US.

Getting the incentives right is a difficult art, which must be based on thorough economic analysis. This is particularly important in setting regulated prices of electricity transmis-Elders in sion. If prices are set too far from the true economic costs, distortions and inefficiencies will result. A few private gen-erators and their customers might benefit, but a general penalty for inefficiencies of the

the City These may seem odd times in which to launch a new stockbroking business in Lonsystem will be imposed on condon, but Roach International took off quietly yesterday. "We did a little bit of business in sumers and therefore on the the economy at large.

#### Varying costs

Studies by the US National Regulatory Research Institute demonstrate that the true costs of transmission can vary by a factor of 500 in different cir-cumstances and at different times of day. Designing regulations to give even approxi-mately correct pricing signals to generators and distribution companies will be difficult. No doubt, compromise solu-

tions can be found, but these two examples emphasise the need for more careful analysis and informed public discussion than has been evident so far. Roach, stockbroking interests in Hong Kong and Singpore The Government should puband is contemplating going lish its preliminary ideas as soon as possible. Almost every-body whom the Government is Crucial point perhaps: Elders is independent enough to resist now consulting will have a commercial interest in the outcome. Even the Government itself is interested in profits cial services market pre-1992. Band admits that at the age from the sale, which would tend to be increased by a loose

of 35 he may have landed on or fudged regulatory regime. his feet. The aim is to deal in European The main danger is that in and Far Eastern markets for large corporate clients. The their haste to draft a Bill by the autumn, ministers will initial breakdown is expected adopt a series of cosmetic soluto be 70 per cent European. tions. This danger is increased Elders, it turns out, provides a bonus for all its employees by the pace imposed by the Cabinet to meet an electoral however remote: own brand timetable. Civil servants in the

Energy and Environment Departments appear to be competing in a bureaucratic egg-and spoon-race to get water and electricity to the finishing post on time. In these circum stances errors of judgment become more likely and it will be even more important that the regulator should be given wide powers to pick up the pieces and refashion them

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lager at 40p a can. Infested tube As if the London underground did not have enough problems, it is suffering from various infestations.

The tunnels - we now learn - provide a perfect ecosystem for a wide range of species. Circle line travellers have long been accustomed to pigeons

peace terms bad been denounced as blased in favour of Iraq – and nobody expected Iran to accept them so forthrightly. The consensus among West-ern diplomats in Tehran and Iran-watchers elsewhere had been that Iran could never sue for formal peace while Ayatol-lah Ruhollah Khomeini, the author of the country's Islamic revolution, was alive. The Aya-

sis. The regime had become

scorpions.

eradicated.

The northern line was the

under the platforms appear

to have created a perfect envi-ronment for breeding.

A pest control company, Euro-

pean Specialist Cleaning, was brought in to help. It states

that there was no health risk

and that the insects have been

Fouquet's at risk

Fouquet's, one of the land-marks of the Champs Elysées,

is in peril. The restaurant and

café on the corner of the Ave-nue Georges V and the Champs

it fails to negotiate a new lease with its landlords, a group of

is threatened with closure if

One of the favourite haunts of the French film industry

and Parisian show business

Fouquet's claims that it cannot

afford the "outrageous" rent increase that the Kuwaitis are

demanding. Other sites have

long been given over to fast food pizza and hamburger

of one of the few establish-

joints, but the possible closure

ments to have escaped Ameri-

canisation has caused an out-

cry in Paris. Many of Fouquet's long stand-

ing customers have decided to group themselves together

in an effort to save the restau-

rant and bar and are planning to appeal to Jack Lang, the

culture minister. Perhaps they should also try

to lobby Arab circles. During

the past few years, Fouquet's

has become one of the favour-ite cafés of the Arab and Leb-

Kuwaiti financiers.

huge gamble, but it reflects the desperate straits in which the recent string of military set-backs has placed them. Ever since Iranian forces ware pushed out of Iraq's Fao penin-sula in April, the overriding impression in Tehran has been one of political as well as military confusion, accompanied by a worsening economic cri-

limited policy of "Islam in one

culated that if such a difficult For Iran's leaders, this is a decision has to be taken, it is better to get it out of the way while the Ayatollah - the main unifying force of the rev-

olution - is still around. A second factor in yester-day's announcement was the present configuration of forces on the battle front. Now that the Iranians have been pushed out of southern Iraq and have largely withdrawn from the

The question now is how Iran's dramatic move can be translated into peace. Mr Perez' de Cuellar was yesterday consulting urgently with his aides with a view to seizing the int-tlative. There are major obsta-cles still to be surmounted. First is the Iraqi reaction. Mr Latif Nassif al-Jassem, Baghdad's Information Minister, said yesterday that Iraq was "studying notes" on Iran's

scores of different cards the

bird plucked out a message for the President. It read: "You are too soft with

your enemies."

ways of defining its goals. And, after the initial popular ceasefire is genuine and is fol-lowed through; if the world takes up this challenge; if the relief at the end of the war, both regimes will have to cope with perhaps the biggest chal-lenge of all: citizens who will soon be looking for a real divimachinery of peacekeeping and confidence-building can be wheeled into place in the comdend from peace.

**OBSERVER** and mice. At the ends of the central line there is a more exotic wildlife which includes rabbits, foxes and a variety Ĩ. of small but non-poisonous most seriously affected. It had a blight of mosquitos. London Underground says that the warm conditions and occa-sional puddles which gather

Tye never been so scared he had his mouth pointing right at me."

anese community which has settled in the Champs Elysées and Georges V neighbourhood. The French have a reputation of being adept at Middle East diplomacy.

#### Parrot law

The White House stargazers and fortune tellers should know that their client's arch enemy down in Central Amer-ica recently consulted his own metaphysical expert. The Nicaraguan President, Daniel Ortega, last week expelled the US ambassador, closed down the opposition press and expropriated the biggest private company in the country. Then he went to inan-gurate a cattle fair in the town of Camoapa, one of the most conservative parts of the country where the "contras" have managed to make some head-Way.

Ortega was invited to take a chance with a fortune telling green parrot. He paid his twenty cordobas, the cage was opened, and from a box of

Standard faces Standard Chartered is having a crack at bringing down the average age of its board as part of its effort to revive its fortunes, which have flagged since the abortive take-over bid by Lloyds Bank in

Three new appointments were announced yesterday. Rudolph Agnew, the chairman and chief executive of Consolidated Gold-fields, Patrick Gillam, manag-ing director of BP, and Paul Rudder, director of BET, are all joining the board in August Agnew and Gillam are 56 and Rudder is 60; the three men they replace were 70. Sir Peter Graham, chairman of Standard Chartered, says the new directors were chosen "because they are outstanding in their fields, and bring a in their fields, and bring a strong and up-to-date manage-ment approach." The common interest that Standard and Consgold have in South Africa and gold is a coincidence, says Graham. But Standard has always tried to have an oilman on its board and Gillsm of BP fits the bill. Vectories also says the arrival Yesterday also saw the arrival of Rodney Galpin, the former Bank of England director who will take over as chairman. The tentative date for the switch is November 15, but Graham says: "If Rodney wants to do it quicker, that's fine. If he wants to do some more travel and research, then .Fd be prepared to stay longer."

#### Frinton fun

"Harwich for the continent," the sign always went and someone would add: "And Paris for the incontinent." For some reason the graffito at Harwich has now been changed to: "Frinton for the incontinent."



**Base Rate** 

The Royal Bank of Scotland announces that with effect from close of business on 18 July 1988 its Base Rate for advances will be increased from 10% to 10½% per annum.

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## David Lascelles on the new worldwide capital adequacy rules

ANKING is about to achieve the distinction of being the first industry to be regulated on a worldwide basis. In the coming months, banking supervisors in the world's leading industrial countries will begin applying the terms of a capital ade-quacy accord which was signed by gov-ernors of the Group of Ten central banks in Basie last week. But historic though the accord may be

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- ē i  it is only the first step in a process which may take another decade to complete. Mr Peter Cooke, the Bank of England official who chaired the negotiations on the accord, says: "It's a small step in a small area."

The accord creates minimum capital requirements for banks which operate in the international markets, and as such should provide a stronger underpinning to the world banking system, and ensure that

banks compete on equal terms, But the accord is limited to credit risk; the risk that loans will not be repaid. Although this is one of the main source o losses by banks, today's sophisticated financial markets contain many other dangers for banks as well, principally the threat of loss through swings in interest rates, currencies and securities prices. Officials will now begin working on these sues as well.

The process which led to the Basic accord was itself the work of several years by the Cooke Committee. But the final version which emerged from the Gover-nors' meeting was only changed in a few respects from the proposals which ware, put out for discussion last December. It creates a definition of capital, and lays down a formula for working out how much of it banks must have, based on the riskiness of their assets.

Defining capital has proved the most difficult part of the exercise, with supervi-sors wanting banking institutions to be founded on capital which was permanently available to meet losses, but which would take account of the wide varieties of capital that exist in the banking industry. The result is a complicated compromise in which at least half of a bank's capital must consist of "core elements": equity and disclosed reserves. The rest can be made up of long-term debt and other instruments.

This marked a setback for the West Germans who maintained that only pure capi-tal should be counted, and the Bundes-bank managed to include a statement in the final communique saying that it wanted to see further work on this issue. The problem for German banks is that, while they have sufficient equity to meet the Basle levels, they make little use of debt. Banks like the British, which have a more balanced mix of debt and equity, emerge batter placed emerge better placed.

A concession was also made to US banks which have issued several billion dollars worth of quasi-equity called perpetual preferred stock. They can count it as core capital so long as there is no obligation to make up for interrupted dividend pay-- in other words that it is non-cumente mulative like common stock. Most of what the US banks have issued is cumulative so the concession is a limited benefit. But it does give them the option of issning non-

cumulative in future. A change of a more political nature was

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#### Main points;

Q. All international banks to be subjected to the same capital racime.

Capital: Tier one to consist only of

equity and disclosed reserves, including non-cumulative perpetual preferred stock. Ther two to include other forms of capital and general provisions. At least 50% of capital must consist of tier one

# Q. Flisk assets: all banks assets, including off balance sheet commitments, weighted according to their riskiness.

Q. Risk asset ratio: all banks to have capital equivalent to at least 8% of their risk-weighted assets. National supervisors to set individual levels for each bank.

Each country may apply its own criteria, using the accord as a minimum

# Banking without borders

borrowers whose credit standing was considered to be better than the rest, and whose risk "weighting" could be reduced. whose risk weighing could be reduced. The top category of country borrowers is to consist of the 24 full members of the OECD. Countries which have arrange-ments with the IMF through the General Agreement to Borrow (GAB) are also included, though this adds only Saudi Arabia (which is believed to have lobhied arrite, herd helping the scenes to have its quite-hard behind the scenes to have its name added to the list). However, Turkey, which has foreign debts of \$34bn, is an OECD member, so bankers will have to decide whether to give it a heavier weighting themselves.

The accord does not try to distinguish between commercial credit risks, so Exron and ICI count the same as the local supermarket. Many bankers argue that this is illogical. But the alternative would be for banking supervisors to get so deeply involved in credit decisions "that they might as well come in and run the bank," one banker said. Although banks have until the end of

A change of a more political nature was 1992 to get their capital up to Basie levels, made hy introducing a category of country the impact of the accord has run far ahead

of it, particularly in Japan where banks will need to raise the greatest amount of new equity. One unspoken purpose of the Basle accord was to subject Japanese banks to the same capital discipline as

western banks; IBCA, the London-based bank analysis firm, estimates that Japanese banks will need to raise \$50bn in new equity. This summer, industrial Bank of Japan (IBJ) alone is making a record rights issue of \$2.2bn. But while this is being halled in some quarters as a welcome constraint on Japan's lightly capitalised and highly competitive banks, the strain on them may not be as great as it looks. Japanese bank stocks continue to trade at about ten times the multiples of European and US banks, making equity a relatively cheap source of

capital Senior Japanese bankers, such as Mr Kaneo Nakamura, the president of IBJ, say that pressures of capital will force them to rein in asset growth and concentrate on

profits. In the US, the majority of leading banks are expected to be able to meet the 1992 deadline through e combination of retained earnings and fresh capital, as are banks in Europe. A special case are the large state-owned banks in France and Italy whose governments will not supply new capital. Mr Jean-Maxime Lévèque, the chairman of Crédit Lyonnais, said his bank will need to raise between FFr3bn (£285) and FFr4bn from the market to meet the Ba

the Basic levels. While Basic will create more consis-tancy and soundness in the international tency and soundness in the international banking system, it will also have its cost. Banks will have to put more capital behind their assets, and this means higher, fees and lending margins, particularly in the intensely competitiva multinational market. Mr Michael Welch, UK corporate officer for Citicorp, says: "Capital con-straints are going to squeeze the market. We tell companies they should go ahead and get money while they can." By adding to banks' costs, Basle may also reduce the competitiveness of the banking industry. Some people believe this

banking industry. Some people believe this may be a good thing since it could dampen some of the excesses which have produced

crises in the lending and capital markets. On the other hand, the accord may also reduce profitability and put greater pres-sure on banks to take risks by lending to less creditworthy borrowers who are pre-pared to pay more for their money. Although the risk weightings have been designed to discourage imprudent bank-ing, this could be one the accord's more tronic effects.

Mr Cooke comments: "Banks will have to continue to use their own credit judgments."

Transitional arrangements now come into play to bring the accord into full force by the end of 1992. A delicate task in the intervening years is to marry Basle with the banking directives of the EC which are also due to be completed by then and, unlike the Basle accord which is vohuntary, will have full legal force.

Looking further ahead, bank governors are already talking of creating a similar international regime for the securities industry. This prospect may be rather daunting for financial service practitio ners, but it recognises the fact that finan-cial markets operate these days with scant regard to national boundaries.

> engage in propaganda exercises - there are other ways and other people to do the job.

He is sending out a political

impulse, endeavouring to play his part in the creation of a climate in which long drawn-out "games of bureaucrats" are

no longer acceptable. But he cannot create such a climate

alone. Hence the appeal to our

European neighbours. It takes

two to tango.

Foreign Affairs

# When Japan joins the rule makers

and is making contributions to

ne of the best things

that has happened

to Japan's relations

with any other

nation for some time is called Mr Kazuo Chiba. This enco-

minm is not designed to secure a permanent place at his table,

as the new Japanese Ambassa-

dor to the Court of St James,

nor is it intended to denigrate

the worth of his predecessors, either in London or elsewhere.

either in London or elsewhere. It is simply a recognition of the fact that diplomats of his cath-olic talents do not grow on trees, be they bonsai or Callif-ornia redwoods. Last week, Mr Chiba, with tongne intermittently implanted in check, sought to enlighten an assembly of Brit-ich fournalists on the historical

ish journalists on the historical

dimensions and problems of Japan's current foreign poli-cies, which is indeed a hot sub-ject. So hot, indeed, that a con-tribution to the debate in this

It is flattering, but a bit unnerving, to strike a major chord. The reverberations from

Tokyo were that the article

had been taken very seriously. One acquaintance made a com-

parison with the little boy in the fairy tale who had pointed at the emperor who had no

clothes; Jspanese newspapers

and television commented on

it; requests for interviews flooded across the desk; the

Foreign Ministry issued

assorted rebuttals, stressing that Mr Takeshita and Mrs Thatcher had struck up a most

arose

and is making contributions to economic policy making. But, as Mr Chiba gently pointed out the other day, the debate about Japan's role in the world certainly is not con-fined to the Japanese them-selves, and therein lies a rub. For it is hard to imagine a nation which pays so much column on May 25th appears to have had a greenhouse effect in Tokyo. The article, written after the first of Mr Noboru Takeshita's two visits to London in May, suggested that the Prime Ministerial excursion was a perfect example of the Japanese addicnation which pays so much attention to what others think tion to diplomatic form over substance. It lamented the minimal British interest in the visit, but it argued that Japan had to share the blame for this sorry state of affairs; it hailing Japan as a new super-power, the second wondering whether the first ever visit by a Japanese Foreign Minister to Israel was really necessary. He anggested that it was not enough simply to come to Lon-don to praise Mrs Thatcher and go on about cultural exchanges but preferable to be prepared to talk turkey wherever and whanever the opportunity

Jurek Martin meets an ambassador for Japan's changing role in the world community of nations

throws in a few more Western media contradictions, including the FT but mostly from the American press, itself, as he wryly notes, a comment on the relative levels of interest in his country. "It just shows how difficult it is for the Japanese to understand what is expected of us." Mr Chiba is fond of historical

meaningful relationship. Some even suggested that the Japanese pyrotechnics at irony. Thus he argues that the main theme of Japanese his-tory is one of "traditional isola-tion" - not, be stresses, isola-tionism - and that this has the Toronto economic summit in June demonstrated that s lesson had been taken to heart. This is hard to credit. For s produced "a certain mental-ity." Both the military expanstart summit planning of this thoroughness is not confected overnight; secondly, officials as able as Mr Michihiko Kunihiro, sionism before the last war and the economic successes since then are very much in this trafrom Mr Takeshita's office, and Mr Toyoo Gyohten, the Vice dition of a kind of self-reliance Minister of Finance, need no that was once marked by lessons in briefing the press, of east or west, from anybody; thirdly, there is no dispute that Jspan's "rice culture". The present proviso, he says, is that Japan has learned in the Japan can make, should make last 40 years that it must not

"frighten others". This has still left the country pushed to evolve a definite international role by itself for itself.

However, Mr Chiha senses that the outside world is beginning to define such a role for Japan, which is that it "should join in the process of rule-making." This partly reflects Japan's greater perceived fitness for admission to the club because of its economic prowess and because it is democratically stable, but also because "Japan is now seen as intelli-gent, according to the rules of Westerners."

At this point, the irony gets heavy enough to slip into sar-

casm. After all, it is coming from a man whose curriculum vitae includes not just the ne plus ultra of Tokyo University Law School, but also the Fletcher School of Diplomacy at Tuffs University; the experi-ence of negotiating the rever-sion of Okinawa to Japan from the US; diplomatic postings in Moscow, Atlanta, Berlin and, as Ambassador, to Sri Lanka; and the chairmanship of GATT. Mr Chiba thinks, for example, that the United Nations is a "noble institution" and "satisfying intellectually." If any Japanese is (a) "intelligent" and (b) understands the Western rules of the game then it is Kazuo Chiba (and he can recite them in French as well as in English). But he is Japanese and an Ambassador and, out of conviction, convention or both, must reflect his

nation's values. Thus the les-

son of the 1930-40s is that "we cannot force our role on anyone else . . . we need the com-pany of like-minded societies." This, he argues, fits with the Japanese social ethic of har-mony. It is a fair point; after all, Japan sought to describe its pre-war expansionism as

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"co-prosperity." Mostly by implication, he does not see it as absolutely necessary that Jepan, now the second largest contributor to the UN system, be recognised with s permanent seat on the Security Council. Changes in the organisation should be "slight but realistic" and the difficulties of reform should not be underestimated. But again, in contrast to orthodox Japanese dogma which sees the institution as something between an umbrella and a crutch, be has no illusions

about the UN A central question about Japan's role concerns its assessment of the US and whether its power is in relative decline. Mr Chiba skirts delicately around this subject, citing American cultural inflning American cultural mini-ence as one good reason why it is not, before adding, quickly, that "maybe culture is the last resort of the rogue diplomat." But, as a good historian of the US, he cannot see why its record of flexibility, creativity end wiedow cannot be annied and wisdom cannot be applied to the future. "The US will remain a major player and anyone who wants a leading role - and not just Japan will need the US as a partner." Dialectic critics may wish to reflect briefly on his use of the indefinite article. The official Japanese posi-

tion is that if the drive towards 1992 turns Europe into a for-tress, then it will be a bad thing. Maybe this helps explain the intense Japanese interest in European unification. Mr Chiba takes the fortress threat less seriously, though he con-cedes it is a risk. Mostly, though, he sees it as a potentially great event for Europe, and "if it (1992) is the main-stream of change, engulfing all, then we the Japanese can take it in our stride."

It is arguable that the bigger question is whether the Western world can take Japan in its stride. For if Mr Chiba is right, and Japan is to be admitted to the "rule-making" club, then this presupposes a willingness to consider and consult Japan at every stage in the process and on every subject, not just the economic ones. Thus it is logical that the Japanese Foreign Minister should go to Israel and that there should be a Japanese presence on peace-keeping missions. It also follows that some long-standing Japanese policies, such as its admirable refusal to export arms, should be respected.

**LETTERS** 

of it as Japan does. So he cites with relish articles from successive editions this month of Time and Newsweek, the first

# Calling an end to the bureaucratic games

#### From Mr Victor Orlik.

Sir, Some British papers, including yours, present Mr Gorbachev's proposals in such a dramatic and panic-stricken tone that he might be offering not to reduce troops and arma-ments in Europe but to esca-late them late them.

In your editorial ("The Wrong Road to Arms Cuts", July 13) you accuse the Soviet leader of "putting Nato on the psychological defensive." Perhaps. But what prevents Nato from going over to the psychological offensive in the field of further arms reductions. In East Europe we would respond to such an offensive with three

I think that as regards a pan-European summit, Mr Gor-bachev did not intend to drive. a wedge between the US and Western Europe. As soon as the idea is contemplated seri-

ously by the West, the US and Canada could become potential participants of such a forum, whose historical and political significance would be no less important than the Helsinki-

1945 meeting. As regards "the Soviet supe-riority in tanks and men" (your words), may I refer you to just one phrase in Mr Gorba-chev's speech to the Polish Sejm, where he said: "Il Nato

shows readiness, we can dis-cuss the issue of the imbal-ances and asymmetries, even before the start of the formal talks, in connection with the exchanges of data on troops and weaponry.

Could this be described as "megaphone diplomacy"? Mr Gorbachev does not have to Victor Orlik, Soviet Weekly 3 Rosary Gardens, SW7

#### Breaking out of 'fortress Europe' How to read the hedge clauses

#### From Mr Bryan Cassidy

Sir, Peter Montagon's report ("Looming shadow of fortress Europe", July 14) draws our attention to the need to reas-sure the EC's trading partners that 1992 does not mean putting up the shntters against

One can understand their fears when words like "reci-procity" creep into the discus-sion of the EC's future external economic relations, Like "level playing fields" and "free but fair trade", the word is a sign of closet protectionism.

I know from my regular con-tacts with him that Willy De Clercq (the member of the European Commission respon-sible for external trade) is not a protectionist. Nevertheless, there are undoubtedly aspects of the EC which are protection-

ist - the Common Agricul-tural Policy being the most fla-grant example. Another is the EC's anti-dumping rules which sometimes seem to be applied to protect inefficient European industries - as with tha actions against Japanese elec-tronic typewriters and print-ers.

tion of the 250 sq cm was given over to hedge clauses advising the potential investor not to invest before reading the list-ing particulars and seeking advice from a professional financial advicer financial adviser. These admonitions no doubt keep the offerer well within the letter of the law. Neverthe-less, how sincere is the offerer?

ers. Undoubtedly, there are pro-tectionists in the Commission in Brussels, in some Member States, even in the European Parliament, But I believe they are in a minority. Certainly, I take great comfort from the staunch depials of "fortress. Europe" intered by both the British Prime Minister and the newly reappointed President of the European Commission. Bryan Cassidy, European Parliament, 37, rue Belliard, 1040 Brussels

Glasgew or Southampton? The advantsement acknowl-elessing working days should be allowed when depending on From Mr Christopher H. Burt. Sir, Your newspaper and other nationals published a half-page advertisement regarding the issue of shares in first class post, so writing for listing periculars was not the solution since the closing date National Telecommunications pic on July 9/10. Some 250 sq cm were devoted to an applica-tion form. However, a tiny fracfor applications was July 14 1988 at 10 am.

One can only draw the con-clusion that the publication of incomplete information together with a form soliciting applications is an obnozious. practice. However, if this advertising is to be permitted, would it not be a useful com-

promise to require such adver-tisements to give a 24-hour telephone number which could Where are potential investors supposed to obtain the listing particulars if they are not close to the addresses given in Lon-don, Birmingham, Manchester, Edinhurgh, Leeds, Bristol, be used by those who wish to receive full information? Christopher H. Burt, Les Granges de Beaucoir, by Gates, St Peter Port, Guernsey

## 'The Indian Railways' PRS has been a remarkable success'

gh clist From Mr Richard Heeks. Sir, Having studied the Sir, Having studied the Indian Railways' passenger reservation system (PRS) for some time, I find Stephen Cooke's article on the subject (Technology, May 88) highly-ill-informed, it is, I fancy, an example of the dangers of iry-ing to make "what I saw on my bolidays" into a serious article. holidays" into a serious article.

His first error - a common one - is to mistranslate the Indian measure "crore" into millions. Bombay's PRS cost Rs 17 crores which is Rs 170m not Rs 1.7m (£71,000) and there-fore represents several million pounds. If Mr Cooke had any nse, he would have realised that £71,000 hardly pays for the air-conditioning unit, let alone a twin VAT \$550 system with allow passengers to get their

journey details correct before pessing them on to the counter Gigabytes of hard disk space, hundreds of terminals, and clerks, thus reducing the potential for time-wasting mis-takes and misunderstandings. So called "irrelevant details" miles of networking cabling. miles of networking caning. The system was never intended to address the prob-lems of train overcrowding but, by dramatically reducing queue times, it has achieved its major goel. The PRS was pur-chased from the passenger 'amenities fund, the purpose of which is to improve services on the form are all part of the system for frand prevention, which anyone who had spent a little trouble could have found out. which is to improve services without necessarily hoping for any direct return on invest-To imagine that all the activity occurs at the main station completely misses one of the: main advantages of the PRS -that it provides computerised ment, although the PRS is estimated to save £4m annually onpreviously wasted resources such as working hours spent reservation services to suburban stations, enabling passengers to reserve a ticket locally waiting in line. Mr. Cooke criticises the Indian system of form filling. The whole point of this is to without having to travel all the

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way to the main city station. The computer system does do almost all the reservation Milton Keynes

work and issues the tickets. It also sorts out the accounts (a task which each clerk had to spend 1-2 hours every day doing manually before), sets up train reservation charts, and provides managers with detailed and accurate information on passenger traffic flows. The indian Railways' PRS has been a remarkable success considering the huge data vol-umes with which it has to cope, and it is something of which india is proud because it was conceived, written, installed and run entirely by Indians.

Richard Heeks Faculty of Technology, The Open University, Walton Hall

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# **FINANCIAL TIMES**



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Tuesday July 19 1988

# Soviet rejects call for Nagorno-Karabakh secession

By Our Moscow Correspon

ARMENIAN demands for the Nagorno-Karahakh region to be transferred from the neighbouring republic of Azerbaijan were yesterday rejected by the praesidium of the Supreme Soviet, the Soviet Union's top executive body. As a result, the Transcauca-

sian ethnic crisis seems likely to continue.

The cmergency praesidium meeting agreed "measures that would ensure the region's real autonomy," according to the Soviet news agency, Tass. But It decided the province should stay part of Azerbaijan.

Nagorno-Karabakh's local soviet (council) voted last week secede from Azerbaijan and declared itself a part of Armenia, following flve months of protests and strikes

Nagorno-Karabakh's recentlyin the area. Armenia had been seeking the transfer of the enclave either to itself or to direct rule from Moscow.

Yesterday's decision came at the end of a lively, eight-hour session that pitted the leaders of Armenia and Nagorno-Kara-hakh against almost all the other speakers

Leaders of other Soviet republics condemned "strong-arm tactics" such as strikes, and blamed the unrest, which has claimed at least 36 lives, on "anti-perestroika forces." They also criticised economic distup-tion caused by the strikes in Armenia and called for early implementation of a Govsrnment psckage of social and economic measures for Nagor-

no-Karabakh

elected party leader, had ear-lier argued that the region's lier argued that the region's Armenian population could not be satisfied with material bene-fits alone, "to the detriment of national-cultural and spiritual development." Secession was the only possible solution. Other speakers called for a compromise, such as putting Nameron Karabakh temporarily

compromise, such as putting Nagorno-Karabakh temporarily under the jurisdiction of the Russian Federation, the largest of the Soviet Union's republics. The refusal to compromise on the Armenians' chief demand that the largely Azeri Christian and the largely Azeri

Christian enclave be removed from Moslem Azerbaijan seems ment psckage of social and reconomic measures for Nagor-no-Karabakh. Mr Genrikb Pogosyan, the leaders of Azerbaijan and

Armenia. Mr Grant Voskanyan, the Armenian President, called for self-determination for Nagorno-Karabakh, although he said Armenia was making no territorial claims.

He argued that, under Azer baljani rule, the region had suffered socially and economi-cally, and the "national rights and dignity of its Armenian population" had been infringed Adoption of a resolu-

infringed. Adoption of a resolu-tion mpholding the status quo "could bring pain and disap-pointment to the Armenian people," he said. Mr Suleiman Tatliyev, Presi-dent of Azerbaijan, said there was no political, economic or legal justification for separat-ing the region from Azerbaijan. He accused Naspunc-Kara-He accused Nagoroo-Kara-bakh, where there has been a

general strike since mid-May, "total insubordination." Real power in the region was

now in the hands of "anti-state elements who have neutralised party and state bodies." Mr Pogosyan argued that the region had been inhabited by Armenians from time immemorial and was "part of their fatherland." Noting contradic-tory articles in the Soviet con-stitution, which provids arguments both for and against a redrawing of boundarles, he said Azerbaijan's references to article 78, under which the con-sent of both republics would be needed for a transfer, were "attempts to evade a solution." "It must not be allowed, in a socialist state, that one people decides the fate of another."

THE LEX COLUMN New weights for **Opec's scales** 

Jan'88

FT-A 25 year High Caupon edemption Yield

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The markets were prepared for one puzzle yesterday, and they got two-first base rates, then the eil price. The prospect of peace in the Gulf creates opposing tensions for the off market; on the one hand, Iran and Iraq should both be able to step up production, and Iran in particular should be abls to increase its shipments. Alter-natively, peace might mean the strengthening of Opec as a political force, and the restora-tion of quota discipline. In leaning to the latter view yesterday -as shown by the near-St rise in oll futures-the market is perhaps reverting to a naive belief in Opec's funda-mental efficiency as a cartel. The bullish view also glosses over the fact that fran and Iraq enced their combined quotas aheady, and that if the fighting does stop, both sides will need oil revenues for reconstruction. As for interest rates, tha market is probably sensible in itself, since it steps up pres-sure at home for a rise in mort-gage rates, without causing too much sitr on foreign exchange escool of thought sees 11 per cent base rates next week, and 12 per cent on the near hort-zon. Another says that beyond this point the exchange rate 7.5 mdertaking not to engage in any hostile action is disturb-ing, Midland is not alone in believing that it is worth dumping marginally profitable corporate banking business in return for some very handsome fee income. As for RHM, its efforts to embarrass Midland could well backfire, especially if it insists on pretending that Midland's action is hostile to the interests of RHM share-holders. Amstrad/IBM The recent behaviour of the Amstrad share price suggests that all news is good news if it comes from Mr Alan Sugar. No 'doubt yesterday's cross patent deal with IBM will remove car-tain potential barriers to Amstrad's product develop

zon. Another says that beyond this point the exchange rate this point the exchange rate cannot take the strain; and that in any case, pushing the building societies into a 2 per cent rate rise practically guar-antees inflation at 6 per cent by the year end, and is thus self-defeating. Money market rates yesterday were saying this second view is wrong; but the anthorities, after all, only need to follow the market if it suits them.

# tain potential barriers to Amstrad's product develop-ment programme, but as the market was scarcely losing sleep over such problems in the first place, it is difficult to see why their removal should be worth 3 per cent on the shares. But even if the market is reacting to the wrong news, it is probably moving in the right direction: despite yester-day's rise, Amstrad's rating remains in single figures. RHM/Midland Bank Tomkins

The clear impression given by Midland Bank's decision to help fmance a hostile takeover bid for RHM is that it is more It is hard to fault a seven-year record which has seen earn-ings per share growing at an, average of over 40 per cant per annum, and dividends rising more than twice as fast as the 14 per cent annual average for bid for RHM is that it is more profitable for clearing banks to help rape their customers than to stand by them through thick and thin. However, the corpo-rate sector is partly to blame for this breakdown in tradi-tional banking relationships by its continuing efforts to force down banking margins. And the UK. Yet a prospective mul-tiple of a shade over 10 times earnings demonstrates that Tomkins is finding it no easier

healthily without the need to make ever bigger acquisitions. In its quest for size, it has been more restrained than many of its rivals in issuing paper, can point prondly to the steady growth in its net asset value, and stresses organic growth of over 20 per cent per annum. However, it remains unclear organic profit growth reflects cost-cutting and repositioning of products in higher-margin markets, or indeed the excep-tionally buoyant conditions in its huilding products operations, all of which are arguably one-off benefits. If Tomkins were to suspend its formula of a mega-deal a year, it would be much easier to measure the sustainability of its organic growth and its rat-ing would likely improve. But given its strong balance sheet, it is unlikely to resist for long the airen calls of its merchant bankers. bankers.

#### **Atlantic Computers**

Given the rate of consolidation in the UK independent comin the UK independent com-puter leasing sector recently, it should not have taken great foresight to predict that Atlan-tic Computers, the market leader, might turn out to be vulnerable too. But for a com-pany which should easily man-pany its new cont asymptot pany which should easily man-age 15 per cent earnings growth this year, a prospective ple of just 7.2 times closer to 5.5 times if net cash is stripped ont cannot have included much of a bid premium. However, the market had lit-the temple weterday mutting a

However, the market hat he the trouble yesterday putting a name to several companies which might think it worth their while to close the gap between a p/s of 7 and an aver-age market rating – implying an offer price of £5 a share, s third abuve vesteration's encount third above yesterday's snapen-tion price. GEC, which already operates a small property joint venture with Atlantic, was inevitably high on the list; but while expertise in asset finance-ing would be welcome, for GEC to spend a third of its cash mountain on an acquisition which would provide little short term earnings enhance-ment would be an interesting reversal of policy. Nor is it self-evident that those who

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Nobrega unwraps a new package Stephen Fidler on the attempt to reach a debt re-scheduling accord R MAILSON CONTRACTOR OF Nohrega, the Brazil-ian Finance Minister, faced the country's Londonbased bank creditors yesterday

as part of his efforts to gain support for an accord on a \$62bn bank debt rescheduling

"Our idea is to look for a solution for the debt problem in a co-operative way. We don't think confrontation pays and there where the problem is a co-operative way. that's why we expect a positive reaction on the part of our partners in the international

community," he said. The accord, if successful, should strengthen the belief that Brazil's deht moratorium in February 1987 was flawed, in February 1997 was haved, whether in concept, execution, or both. However, the extent to which banks will put up cash to support this change of heart depends crucially on the details of the accord that they have in front of them.

In yesterday's presentation, and in the presentations to be made to banks througbout Europe this week, the Brazilian team and the country's leading creditor banks, headed by Citicorp, will be trying to impress on banks the points which emphasise the differences between this package and the ones which have gone

before. They will point to the cash-flow benefits for banks in join-ing the deal. Estimated interest to hanks on medium and short-term debt covering 1987 to 1989 totals \$20.9bn, of which



The package also contains Banks can elect to take up to "substantial opportunities for Brazil to convert a large amount of its foreign debt into local currency." The agree-ment, together with current debt conversion schemes, could allow for a reduction by 10 per cost of the country's musclu \$5bn of so-called exit bonds, which pay a 6 per cent fixed interest rate over a 25-year term. These are convertible at face value into local currency Treasury bonds, indexed to these will be tax-exempt bearer bonds for which a sec-ondary market is expected to cent of the country's roughly \$80bn bank debt.

Banks which provide new money will eligible, after a 12develop, since there is poten-

tingency loans, such as the \$2.2bn in such financing arranged for Mexico and which reduced the popularity of that deal. It is clear that while the International Monetary Fund Inkage in the package is more flexible than seen elsewhere,

there are substantial tie-ins lake. with official creditors. The sec-ond tranche, of \$600m, has fewer conditions than the other two. but even that

other two, but even that requires a status report from the IMF managing director confirming Brazil's progress under its economic pro-gramme, World Bank disburse-ments, and a Paris Club rescheduling. Mr ds Nobrega confirmed that the country would make good the interest payments on its bank debt until the end of this week a move which the EC.

its bank debt infil the end of this week, a move which should help smooth the way for the package. However, the second half of an interim financing package agreed with the banks late last year, and to have been completed late this month, will have to be postponed until the full agreement becomes effec-tive. This would free \$3bn - \$2bn from banks and \$1bn from Brazil's reserves - for-mally to clear last year's debt backlog from February to Sep-

tember 1987. All 114 banks involved nee to agree to the extension of the interim agreement before it

can become effective. This may prove to be a tough task. Once schieved, however, the Country would probably be well on the way to achieving the "critical mass" - 90 per cent by value - of banks needed before the package becomes effective, expected in October. While Brazil's foreign bank lenders schleved, however, the co number more than 700, the critical mass could theoretic cally be achieved with the consent of fewer than 150 banks.

## Brussels has fresh plan for wine lake By Tim Dickson

THE European Commission will today unveil details of a new plan to shrink the Euro-Community's ampla wine

The proposal set to be for-mally adopted at today's full meeting of commissionsrs in Brussels -provides for a big disposal programme to reduce the 7.4m hectolitres of unwanted wine alcohol sloshing around

The idea is bound to prov controversial with some mem-ber states. A similar scheme sanctinned in 1986 imposed such tight restrictions that it proved largely unsuccessful. National concern is likely to centre on the distortions which a stock disposal programme could create in the alcohol

market The EC's wine surplus, or the other hand, is proving to be one of the Community's most nagging financial head-aches, with stocks of distilled alcohol accumulating rapidly due to the underlying oversup

The table wine sector poses a significant problem. Output there has tended to stabilise, but consumption is falling fast as tastes have switched gener-

ally to quality wines. Some third of table wine production is thought to end up in



will be \$17.3bn. This, it is boped, puts into perspective the \$5.2hn in new funds being. sought from the banks. Mr William Rhodes of Citi-

corp, chairman of the bank advisory committee for Brazil, describes the deal as "by far the most innovative package we have offered since the debt" crisis began."

month lock up, to participate in a debt-to-equity programme with debt conversions allowed at face value for the first time in any such programme. Some \$600m a year will be available for three years, equivalent to 34 per cent of the banks' new lending. The existing debt-to-equity plan, which accounts for a maximum \$150m a month, will remain in place.

Hal for demand for them within Brazil: for azample, from companies which wish to hedge an increase in capital. Exit bonds will also be usable in the country's planned debtfor-exports schemes.

The package, which includes more possibilities to "re-lend" funds to clients inside the country than any previous package, also contains no con-



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## other Brussels' contribution is The significance of the new plan is that it would give the Commission greater flexibility to take advantage of market opportunities when they arise.

down banking margins. And than its role model Ha òn -bo ht the shares at closer to convince a sceptical market 18 last year will be willing to that it can continue growing part with them for 15 now. while RHM's accusation that Midland reneged on a verbal



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BRITAIN'S Export Credits when it has supported only Guarantee Department hopes to announce a speedy resump-tion of medium-term export credit cover for Brazil once that country bas completed new agreements with the International Monetary Fund and Paris Club group of official creditors. This emerged in Whiteball

By Stephen Fidler and Peter Mont

yesterday after Mr Mailson da Nohrega, Brazilian Finance Minister, requested a restoration of cover in a meeting yesterday with Mr Nigel Lawson, Britain's Chancellor of the Exchequer

Brazil bas long been worried about the way in which its inability to tap official export credits as a result of its debt problem has depressed imports of essential capital goods. The ECGD suspended medium-term cover for Brazil in 1983, since

exports sold on short-term credit arrangements. The ECGD would make no official comment on Mr Nobrega's request yesterday, hut a spokesman said the department was currently reviewing its position in the light of Brazil's talks with the IMF end Paris Club "in the bope that these negotiations prove successful."

Mr Nobrega also asked for British support for a Brazilian proposal to reschedule debts to the Paris Club of Western creditor nations, which meets next week to consider the request. Brazil owes some \$17bn to these official creditors, although the rescheduling will cover substantially less than that and involve only maturi-ties due up till the end of this

Britain is Brazil's fifth larg-est official creditor and bankers estimate its share of any Paris Club deal could involve debts worth in excess of \$500m. "Brazil is the only middle-income country in Latin America which is not enjoying coverage from Paris Club members," Mr Nohrega said st a news hrief-ing yesterday. Canada has provided some cover for Brazil since the debt

crisis started, hut other leading industrial countries have held back. Last week, however, the US Export Import Bank also said

last week it would again consider export credit applications, but would not approve them until the Paris Club rescheduling was complete. Mr da Nohrega who started a week-long European tour at the weekend, met the chair-

man of the clearing banks on Sunday night and yesterday was also scheduled to see Mr Robin Leigh-Pemberton, Gover-**Oil Price** nor of the Bank of England, and commercial bankers whom he is trying to persuade to join a record \$62bn debt reschedul-ing accord, which includes a request for \$5.2bn in new 16 money.

Included in this new money package is a \$600m medium-term trade financing, with a nine-year maturity.

Brazil has gained a \$500m bridging loan from Western countries led by the US, which is providing half of the financ-ing, likely to be officially announced in Washington and drawn down soon.

The country's DAF programme is expected to win for-mal approval next week.

## Dukakis and Jackson embrace party unity

Continued from Page 1 - has accommodated Mr Jackson, the runner up in the party's primnry election. There is no deal, there is no fine print," the Governor said, when asked to define the

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entente cordial. In an effort to bolster the image of party unity, Senator Lloyd Bentsen, Mr Dukakis'. choice as vice president, appeared alongside Mr Dukakis and Mr Jackson. Not since the

year.

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1960 Democratic presidential ticket of Senator John Kennedy and Senator Lyndon Johnson had the Democratic Party presented the country with such a broad based coalition, be said.

But yesterday's show of unity has yet to be tested. Mr Jackson - who delivers a major address tonight - must convince his supporters that he has indeed won the concessions he claims.

## Britain raises interest rates

Continued from Page 1

Dimark. It believes the reduc-tions prevented the pound from rising to unsustainable levels. The Treasury said yesterday's move was part of the pro-gressive tightening of mone-tary conditions begun in early

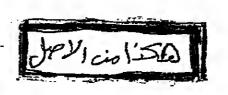
outside its pre-set target range. The Treasury said the ratio-nale behind the successive

week. Others, including Bar-clays, Midland and TSB, which rises in interest rates since June was to achieve an undra-matic slowdown in the rate of have put up their mortgage economic expansion which was unsustainable. Higher interest rate levels should help restrain the growth in mortgage and rates to over 11 per cent in the past two weeks, are likely to wait before a further increase.

personal credit, it said. Mr Michael Fearnside, Hali-fax's General Manager for Marketing, said, "We will wait until later this week before deciding on our rates from August." Big clearing banks such as National Westminster and

The base rate rise will hit hardest at the "new lenders," or mortgage companies, which rely entirely on money market funds. Most of these have already put up their rates to around 10.9 per cent and will now have to move again.

In London, the dollar closed at DM1.8520 compared with DM1.8760 on Friday and at Y184.70 compared with Y135.25.



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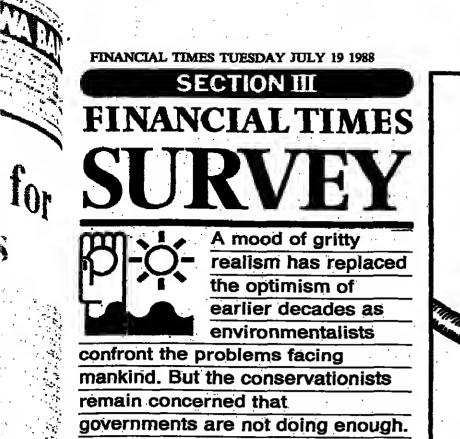
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Tomorrow's money supply figures for June are expected to show another strong rise in credit and the Treasury's main monetary indicator, M0, which measures mostly notes and coins in circulation, growing

# Lloyds which still have mort-gage rates below 10 per cent are also likely to move this



John Hunt reports

# **Keeping up** the pressure

economics of ecology, Small is Beautiful, Dr E.F. Schumacher concluded that the way to deal with the threat to the biosphere was disconcertingly simple. It was a matter of each person putting his or her own house in order. Guidance for the future could not be found in science or technology but in the traditional wisdom of

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mankind. Dr Schumacher's influential book was published at the beginning of the 1970s, in the aftermath of the optimistic 1960s. Since then, the struggle to protect the environment from the effects of overproduction .... and

development has proved an exceedingly long and difficult one that does not lend itself to simple solutions. This mood of gritty realism

was reflected over a decade later in the report of the World **Commission on Environment** and Development set up by the United Nations and chaired by Mrs Gro Harlem Brundtland, then Norwegian Prime Minis-ter and a former Minister of Environment.

The commission first met in October 1984 and published its report in April last year. As an illustration of the scale of the environmental problems still

IN HIS seminal work on the facing mankind, it published a list of the various disasters that occurred during that

The leak from a pesticides factory in Bhopal, India, killed over 2,000 and blinded and injured over 200,000. The Chernobyl nuclear reactor explo-sion in the Soviet Union caused nuclear fall-out across Europe, the long-term effects of which have yet to be quantif-

ied A warehouse fire in Switzer-A warehouse fire in Switzer-land caused agricultural chem-icals, solvents and mercury to flow into the Rhine, killing millions of fish and affecting drinking water. Liquid gas tanks exploded in Merico City, killing 1,000 and making thousands homeless

making thousands homeless. There was an environmental crisis in Africa, triggered by drought in which possibly Im

eople died. Yet despite this gloomy catalogue, progress has been made. The public is more aware of these issues and governments some begrudgingly - are being spurred into action. tion\_

Last September there was an impressive display of interna-tional unity on the question of depiction of the ozone layer around the earth. The largescale production of chlorofluor-carbons (CFCs) for use in aero-



# Environment

sols, plastic foam and refrigera-tors is believed to be the main cause of the problem. About 40 possible.

This is a good example of how the campaigning ginger groups, which have prolifernations agreed to reduce the production of CFCs in order to ated over recent years, are keeping np the pressure on governments to make progress contain the threat which arose from the discovery of the ozone hole over Antarctica and the realisation that its thinning in these matters. There has also, been action

on reducing noxious vehicle could lead to a dangerous exhaust fumes, although here again action has not been fast enough for the conservationincrease in ultraviolet radia-The organisation Friends of the Earth complains that the agreement does not go far enough and wants an 85 per ists. Control of small car emissions has been an area of difficulty, particularly with the main producers of these cent cut in consumption and production of CFCs as soon as vehicles such as Britain, Spain,

France and Italy. The EC also has a programme of action on the con-troversial question of acid rain which is believed to be caused mainly by suppur dioxide and nitrogen oxide (Nox) in smoke emissions from coal-fired power stations.

Britain has come in for a large share of blame on this front over the damage to lakes and forests in Scandinavia and Germany. The UK Government retorts that it is already doing all that it can reasonably be expected to control this prob-lem and points out that the

nuclear power stations and of other imponderables in a Central Electricity Board has a nuclear programme. fibn programme over the next 10 years to reduce these emis-

sions drastically. that in France, where 50 per cent of electricity consumption is met by nuclear power, elec-tricity prices tripled between 1973 and 1982 compared with Britain and the Netherlands The vexed question of nuclear power continues to be the subject of intense controversy in the wake of Chernobyl and the Three Mile Island inciwhere they doubled during the dent in the US. Ecologists Nor is control of marine pollation tight enough, particularly in areas like the argue that the reaction of the British Government to Cherno-byl has been one of cynicism. In the wake of Chernobyl, Mr Peter Walker, who was then Energy Secretary, main-tained that the world would suffer an energy famine unless North and Irish seas, according to organisations such as Greenpeace. The Paris convention, to which Britain,

CONTENTS

JOHN ELKINGTON UNLEADED PETROL Cleaner motoring: two-speed Europe on exhaust fumes The natural partnership of Indostry and environmantalists, and the, The UK: still a slow mover on greening of consu the forecourt DAVID ATTENBOROUGH ACID RAIN Air pollution: why Britain is in the dock Interview: our heritage of Awereness: a pollution FARM POLLUTION paradox prope's agricultural INTERNATIONALISATION threat of erosion Uniform rules: West Ge WASTE DISPOSAL tightens guidelines In Britain: a hazardous trade Pollution: a North Sea change 6 Profile of Kisus Toeptsr: publicity pays off EQUIPMENT SUPPLIERS OZONE LAYER Rise and fail of CFCs: side-effects of wonder

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chemicals

of the Central Electricity Gen-erating Board, says that with-

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enthusiasm for nuclear power

that the advocates of nuclear power stations do not take sufficiently into account traditional sources of energy,

new energy technology and alternative sources. Large

savings could be achieved

through greater emphasis on insulation and systems of combined heat and power

which make use of waste heat. The environmentalists point to the large fall-off in the nuclear

energy programme in the US since the Three Mile Island

A pamphlet put out by the CEGB states: "We propose

using more nuclear power sta-

tions because they cost less to run and give yon more electric-

The Ecologist, journal of the Wadebridge Ecological Centre, dismisses this as "a myth" and argues that the CEGB figures. take an over-optimistic view of the cost of building the new pucker prover protections and of

The journal also points out

ity for your money."

debacle.

The counter-argument is

is well documented.

Environmental control: waste disposal can be big business .

T

the

other EC countries and the Scandinavian countries are signatories, controls pollution in the north-east Atlantic. This agreed to a 50 per cent nuclear power provided 15 per cent of total energy needs by 2030. Lord Marshall, chairman reduction in the discharge of dangerous substances in the could suffer power cuts in future years. They have the rivers with sea outlets by 1995 and to apply modern technology to cut pollution by formidable support of the Prime Minister. Mrs Thatcher's

radioactive discharges. In addition, the declaration from the International Conference on Protection of the North Sea, held in London last year, agreed on the urgent need for drastic reductions in the flow of toxic substances into the North Sea.

Despite this, says Green-peace, the Irish Sea remains the most radio-actively contaminated sea in the world and pollution from the nuclear reprocessing plant at Sellafield, Cumbria, is still monitored off the coast of Scandinavia.

A group of organic com-pounds known as polychlori-nated biphenyls (PCBs) which are used in industry have been recently recognised as serious pollutants. These have been identified in the Baltic and could have played a part in the recent deaths of over 350 seals in the Baltic and North Seas by reducing the animals' ability to

resist infection. In view of these developments, Greenpeace has been pressing for tougher criteria for control of marine pollution. In particular, it is keeping an eye on the British Government to make sure that there is no backsliding from its undertaking to adopt the precautionary principle – that is, to provide early warning of pollution and to intervene before it takes

With the accumulation of all these problems, the public is becoming more environmen-tally aware. A Mori poll in the, UK sought to find the extent of public concern over these

Continued on Page 10

# IRD

# HE NEW NAME IN ENVIRONMENTAL SERVICES

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# **ENVIRONMENT 2**

The drive towards cleaner motoring

WHATEVER MOVEMENT there is towards a single mar-there is towards a single mar-bet in West Europe, the vexed question of vehicle emissions is one of the issues where it is already possible to speak of a two-speed Europe.

п

The use and availability of unleaded fpel provides a mirror image of what progress individual countries have made towards imposing tighter standards on exheust emissions. The link between con-trolling exhaust fumes and unleaded petrol is clear. Not only is lead itself highly toxic and e serious health hazard in large doses, leaded fuel also poisons and renders ineffective the autocatalysts used to reduce engine emissions.

The vehicle manufacturers were originally alarmed at the early proposals from the Euro-pean Community and individpean Community and individ-nal European countries for reducing nozious emissions, but the advance of engine tech-nology suggests that adequate solutions are available, albeit at some extra cost. It is expected that the devel-opment of lean-burn engines will enable car makers to meet toucher standards for smaller

tougher standards for smaller engines, in the categories of below 1.4 litres and from 1.4 to 2 litres, while autocatalysts will probably be the chosen route for models above 2 litres. The availability of lead-free petrol currently varies enormously from country to coun-try in West Europe, largely reflecting the severity of the stance taken by the national authorities towards the tighter control of vehicle emissions. In the European Community itself there are two distinct

itself there are two distinct camps. In West Germany, the Netherlands, Belgium and Den-mark unleaded petrol is widely

Netheriands, Beignim and Den-mark unleaded petrol is widely available. By early 1988 some 96 per cent of service stations in West Germany, the biggest single car market in Eprope, were affaring lead-free petrol. Availability in the Netherlands has virtually reached 100 per cent, while the level was 83 per cent in Belgium and 59 per cent in Belgium and 59 per cent in Denmark. In the other major volume markets, the UK, France, Italy and Spain, little progress has yet been made in making unleaded petrol available, and there is still widespread confu-sion about which models can use lead-free fuel without risk of engine damage. By early 1988 only 3.5 per cent of UK service stations were offering lead-free petrol, while the fig-ure was a mare 1 per cent in France, 2 per cent in Haly and

pressure from local environmental lobbles alming to reduce poisonous lead in the

higher compression ratios, thus improving power and efficiency. Unleaded fael can

yield the same performance,

A financial incentive

but only by a further, and

1 per cent in Spain. The picture in these coun-tries is changing, however, as car makers begin to use the availability of "clean" cars as a sales weapon in the increas-ingly competitive European car makers demand is cup. market, where demand is cur-rently at a record level in sev-eral countries.

Vauxhall, the UK subsidiary Vanishali, the UK substanty of General Motors, claims for example, that it is unique among the leading British car makers in that all its cars built since August 1985 can run con-tinuously on unleaded fuel without harm. The cars need window name. The cars need only an adjustment to the igni-tion timing to enable them to use unleaded fuel, and Vaux-hall offers to carry out this minor work free of charge up to the end of the year.

After such ignition adjust-ment the cars can still run on leaded fuel as well, an impor-tant proviso given the limited availability of unleaded fuel. Making e virtue of having to mest tougher demands in its domestic market, Volkswagen of West Germany Claims that it is now the first car maker to offer in the British market a

### UNLEADED PETROL

choice between standard and Japan claims that all its petrol low emission models. From engined vehicles are designed September British customers to accept cheaper unleaded engined vehicles are designed to accept cheaper unleaded fuel without modification. The the choice of buying low the choice of buying low exhaust emission Golf. Jette or Passat models equipped with catalytic converters. VW claims that large penal-bies in performance and econ-omy do not have to be the only exception is the catalytic converter equipped Celica GT-Rour, the first car with an

subocatalyst on sale in the UK, which has to use unleaded fuel. Overall, there has been a price of what it describes in large increase in the number of

All Vauxhall cars built since August 1985 can run on unleaded fuel without harm

cars built in West Europe that were fitted with catalytic conrather exaggerated terms as rather exaggerated terms as "clean air motoring". Both the Golf CL and Jetta TX low emis-sion models are claimed to be only 2 mph slower than their standard commercers and also verters. Most emission control systems now in use centre on platinum-rhodium three-way

platinum-rhodium three-way catalysts. So-called US-63 equivalent emission standards are now in force in Austria and Switzer-land where all new cars have catalytic converters, the major-ity incorporating three-way catalysts. The same will apply in Sweden and Norway from October this year. More than half the cars registered for sale in Sweden how employ catastandard comiterparts and also metch them closely on fael consumption. Models equipped wilk the catalytic convertiers are expected to be around 5 per cent many expensive. Other manufacturers in Europe are following suit. Nearly all Fist new cars and light commercial vehicles pro-duced since May 1 can run on unleaded fuel, while Toyota of in Sweden non employ cata-

According to a recent report by the platinum marketing div-sion of Johnson Matthey, the UK precious metals and materials technology group, the pro-portion of newly-registered cars that are catalyst equipped cars that are catalyst-equipped bas risen due to pre-legislation tax incentives for buyers of "clean" cars, particularly in the Netherlands and Germany. "There is a strong tendency for the leading West German automakers to make catalyst-equipped cars their standard models, so that cars without catalysts need to be specially

catalysts need to be specially ordered. More than half of new-ly-registered cars in Germany are now fitted with catalysts." are now fitted with catalysts. Johnson Matthey estimates that consumption of platinum by West European automakers grew by 85 per cent last year compared with 1966 to 255,000 ounces, and it foresees contin-ued speady growth of demand this year. Overall autocatalysts accounted last year for 85 per cent of total platinum demand in the workern model

legislate on the basis of the new EC Directive. France, haly and the UK are committed to fullow suit, but are expected to imposed more slowly. Johnson Matthey says that the standards have been set so A two-speed Europe on exhaust fumes the standards have been set so as to provide for the possibility of compliance by means of lean born engines or catalytic con-verters of both in combination. The scale of the challenge still facing the car makers in improving engine design is illustrated by its claim that "most 1.4-2.0 litre cars with heav-born engines could not in several countries. Although unleaded fuel can still only be unleaded fool can still only be bought at a small percentage of petrol stations in the UK, the European Community deadline remains requiring that all new models can use lead-free petrol by October 1969. By the same date member countries should ensure "the availability and balanced...distribution "of

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balanced distribution of unleaded petrol" throughout their territories. their territories. Despite the confusion of the emissions debats in Europe, the European Community has finally adopted emission stan-dards for all sizes of cars, with the final piece of the lightwo fulling into place at the end of falling This place at the end or June with a surprising agree-ment among EC environment ministers to accept a set of standards for small cars up to 14 litres. Standards for large and medium sized cars were agreed in December with the adoption of the so-called Lur-embourg Agreement.

..

Inost 1.4-2.6 litre cars with lean-burn engines could not meet the Community stan-dants without at least an ori-dation catalyst to deal with hydrocarlics emissions." "At the same time the present formation that each a con-At the same time the present Sommity test cycle is con-sidered unrealistic in that if provides for an average speed of 12 mph and a maximum of St mph. Discussions are going on to formulate an extension to this cycle that would repro-duce real rather than merely urban driving conditions with a decision supected later this year. According to Johnson Matthey, "it is possible that the introduction of a high-speed element will make it more difficult, perhaps impossible, for some engines to comply with the small and medium car standards without a gouplementary catalyst."

FENANCIAL TIMES TUESDAY JULY 19 1988

a complementary catalyst."

Kevin Done

FIRST, the good news: sales of unleaded petrol in the UK have risen sharply in recent months. After the government lowered the tax on unleaded petrol relative to four-star in April introducing roughly a 6p differential at the pump some service stations selling unleaded reported three and four and five-fold increases in sales

The bad news? Sales of this "fuel of the future" still do not amount to very much. Sales of unleaded petrol were so low before the budget that this latest rapid increase brings the total only to about 1 per cent of total petrol sales. The British oil industry has

been broadly disappointed with this public response to the government's policy of increasing indeaded increasing inleaded consumption, although there is consumption, atmong minere is disagreement among Britain's major petrol retailers about precisely how "slow" the public response has been, and the reasons for it. The British move to boost sales of unleaded petrol stems

from two causes: European Community policies to have unleaded generally available throughout the Community within a few years, and

Still a slow mover on the British forecourt

Britain have invested more than £400m in the past five years to upgrade refinences to produce high-quality low-lead, and unleaded fuel. Indeed, the amount of lead entering the atmosphere from petrol consumption has fallen by about 75 per cent in the past decide.

The British effort to increase

The British effort to increase unleaded consumption is to some effort modelled on the German experience. The German untake of unleaded was negligible in 1985 when a 7p per galon tax differential was introduced compared to premium leaded. It was not until a 12.2p differential cause in 1987 that consumption rose suddenly, to 11 per cast, and has continued rising ever more expensive refining process. The scientific link between health problems in children and lead in the atmosphere, as opposed to its presence in products such as paint, has never been clearly established. None the less, the oil companies have long accepted

since. The German tax differential is now set to decline to zero by is now set to decline to zero by 1990, yet projections are that unleaded consumption will account for over 50 per cent of consumption at that time. In Germany, however, environmental awareness is generally far higher than in Britain, and there is to some extent 4 captive market because of the increasingly widespread use of catalytic converters to clean exhaust gaves. Catalytic converters are

nrice of unleaded was roughly equal to premium leaded fuel, sales were negligible. Now, with an 10.5p tax differential there is a real new fuel. Uptake, at the 1 per cant level, has disappointed some in the oil industry who expected the public response to a possible money-saving product would be greater. In fact, the "slowness" of the response is a complex fasme and it is probably too early to know if the government's tax differential is alequast, despite the view of some, including Reso, that a bigger initial differential is needed to get

Kor one thing, although Shell, Reso, and BP, Britain's biggest petrol ratallers, all report sales in the region of 1

per cent of total perrol inconginut, average sales in stations that have unleaded on other range from 4 to 6 per

cent

2,000 stations throughout Britisin are efforcted to differ unleaded by the end of year. Then, there is the education prolilem. The Petrolaum Industry Association, which represents the major oil companies, believes sales have been dampened by a number of basic inisconceptions. One half of Britain's Ian' cars on the read could take unleaded, but cent. With only about one in six stations of the major retailers, and for fewer in smaller dealers, selling unleaded, for most of the public the product does not yet appear to be widely available. This, of course, is changing rayidly and

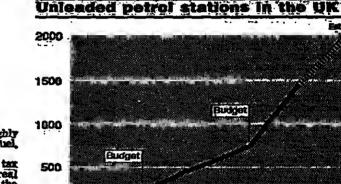
# prisipping priori that a can returned to use unleaded can no longer tag leaded fuel, which is not true. It is only use of a catalytic converter that creates difficulties for using unleaded. Cars returned for unleaded can continue to use leaded fuel with an indentificant effect on with an insignificant effect on performance.

minor engine retuning first and many motorists still do not know whether their cars can use the moduct. Additionally, the PIA says

there is a widespread misconception that a car

The result of these misconceptions, says the PiA, is that the public is throwing away about 22m a week by failing in use cheaper fuel. The PiA would like to see a meter signatus government effort to educate the public. The slow public response is, of course, an expensive disappointment for the off companies, because of the base infristructure they have created for the delivery of unleaded fuel. Yet while the speed by which unleaded catches on may displease the industry, it is clear the trend was figure set by this years was firmly set by this year's budget.





1987 1988 Aug 1986 Concellabolaten Industry Association 

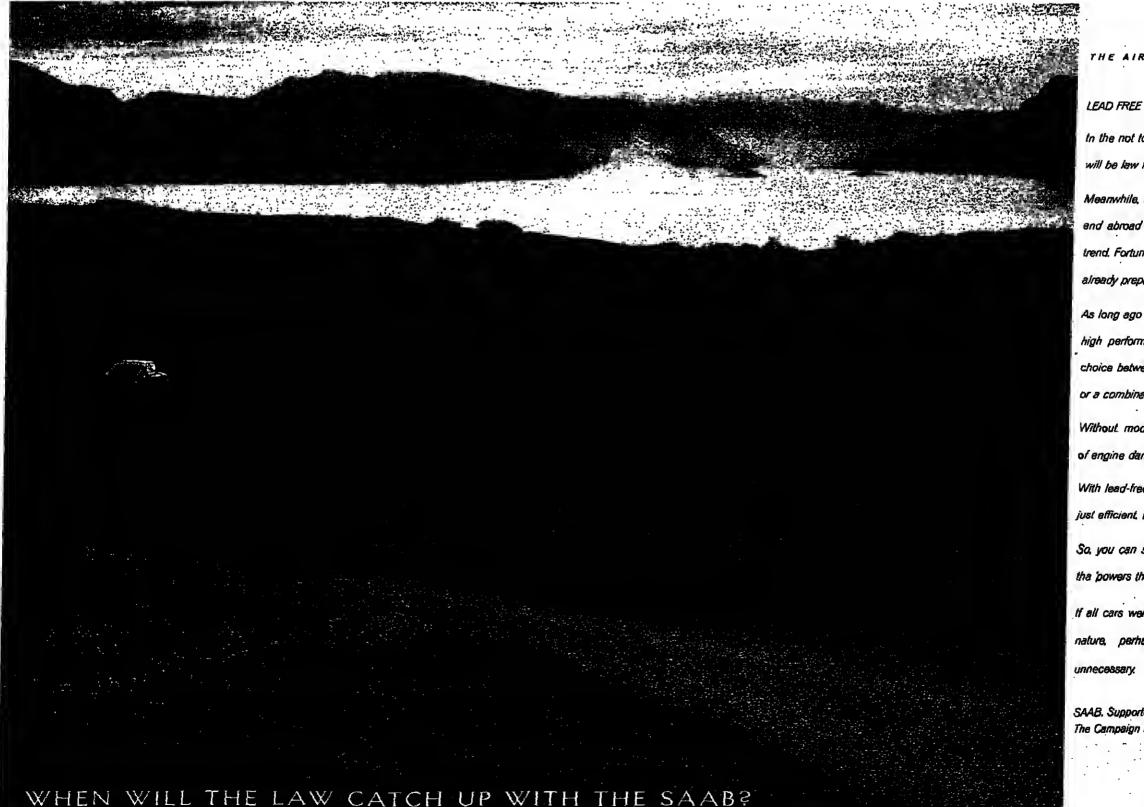
in the western world. The trend has been greatly encouraged by the increasing availability of lead-free petrol

gases. Catalytic converters are ruined by using leaded fuel. Biritaln introduced its first

tax differential, of 5p, in 1987; which lead to a sharp increase

in the forecourt conversion programme. In the year after the budget, the number of stations offering unleaded and nearly quadrupled, but as the

the inevitability of the transition to unleaded and in Britain have invested more environment. Lead improves gasoline performance by reducing engine knock and allowing for



### THE AIRCRAFT MANUFACTURER

#### LEAD FREE PETROL

to the not too distant future, lead-free petrol will be law for all cars in the UK.

Meanwhile, however, garages both at home end abroad are slow to catch up with the trend. Fortunately, if you drive a Seab, you're already prepared.

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just efficient, they're quieter and cleaner too.

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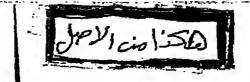
tha powers that be' decide.

If all cars were this mindful of the laws of nature, perhaps new laws would be

SAAB. Supporters of CLEAR: The Campaign for Lead Free Air.

WHEN WILL THE LAW CATCH UP WITH THE SAAB?





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We all know leaded petrol can be harmful.

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WALDOWALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS.

## **ENVIRONMENT 4**

# FARM POLLUTION **Erosion threatens Europe's** agricultural land

OVER THE past few years, the world has grown accustomed to butter and wheat mountains. or wine lakes - those huge surpluses which are the creation of the rich world's subsidised farming. But manure monntains?

It is one of the many ironies of the success of modern farming, in the European Community and the US in particular, that along with increased farm production has gone increased

chiefly those of soil erosion and the "desertification" of once-farmed land. Four specific problems are identified as resulting from intensive farming: deterioration of habitats and the extinction of wildlife spe-cies as a result of pollution and

the draining of natural wet-

north of the Community stem principally from intensive agri-

culture, those in the south are

Holland and Denmark have Introduced tough anti-pollution legislation, but controls

In Britain are less stringent

pollution. Chemical fertilisers like nitrates are leached from the soil to pollute rivers and streams; the "slurry" effinent from pigs and cattle, or the liquor from grass silage made for cattle feed have the same effect.

Pesticides threaten hoth wild flora and fauna and sometimes bumans too. Additionally, there are the more subtle dep-redations of modern farming methods on traditional landscapes as bedges or peat bogs disappear under the plough or succumb to serried ranks of

marching conifers. The extent and potential dangers of agricultural pollu-tion, as well as the degree to which farmers themselves should be held responsible, are hotly disputed between farmers' organisations, conserva-

tionists and governments. Within the EC, with a common policy so far only on the horizon, the degree to which farm pollution is controlled tends to mirror the strength of local environmental or conser-vationist lobhies. Holland and Denmark have recently introduced quite tough anti-pollu-tion legislation; controls in

Britain are less stringent. In an important submission to the EC Council of Ministers last month, the European Commission defined the problem as mission paper – published so far only in summary – insists on the necessity of a flexible approach, if only because while farm pollution problems in the

the net downturn in river qual-"Ity in the past five years." The report pointed to another "major concern" -that of the likelihood of increased conifer woodland as The misuse and/or overuse of chemicals and animal manures which lead to eutrophication (over-enriched soils which kill

animal life), nitrate and pesti-cide pollution. "In many regions of the EC, nitrates in drinking water exceed the Commission's guideline of 25mg/litre and sometimes the maximum limit of 50mg," the paper notes; I landscape changes, such as

unsnitable afforestation, removal of hedges, and wet-land drainage, which destory flora and fauna; ammonia evaporation into

the atmosphere from intensive livestock production as a serious source of air pollution.

In addition, the Commission estimates that at least 25m bectares of land in the EC an area eight times the farmed area of the Netherlands - is threatened by erosion and by major changes to soil structure brought about by pollntion. Losses of topsoil in certain areas of the Mediterranean can amount to three tonnes a hect-are, the paper claims.

There have been a number of studies undertaken in Britain recently which mirror the Commission's findings.

In May 1987, for example, the all-party House of Commons Select Committee on the Environment published a critical report on Pollution of Rivers and Estnaries". This Identified the "most pressing" problems as environmental pollution from clurur and silare and from slurry and silage and from nitrate leaching. aries over the next four years.

"Sinrry can be can be 100 times and silage 200 times as The delay is at least partly due to difference between the Min-istry of Agriculture, which polluting as unireated domes-tic sewage," the report noted, adding that, while there were 1,500 incidents of farm pollufavours a relatively lenient approach and the Department of the Environment, which tion reported in Britain in 1979, this had risen to over 3,500 by would like tougher controls. If in Britain control of farm

pollution remains highly con-troversial, the EC Commission in Brussels is already suggest-1985. Four-fifths of these were slurry and silage pollution. "Widespread alarm was expressed to us on this topic. For the most part, farm wastes ing the way allead. It proposes action in four main areas: pollnte high quality rivers I the extension of the system which were previously clean. This has been a key factor in "environmental impact essment" to large-scale agricultural, afforestation or trans port projects; i e revision of 1976 legislation

on permissible pesticides and possible new controls to limit the availability of others;

□ controls on the amount of mimal waste and chemical fer-tiliser which can be deposited changes to the common agricultural policy brought about more afforestation on marginal land. "If this expansion takes on soils, limiting them to what can be absorbed without leachplace in certain npland areas, will exacerbate acidification of rivers and damage water

farming as an alternative to heavy use of chemical aids to

quality in other ways as well as reducing yields to reservoirs and rivers." farming. The Commission's report In its conclusions, the Envi-ronment Committee urged the

British Ministry of Agriculture "The general policy objective must be to reduce the use of "take a far more interventionist and regulatory approach to farm pollution" chemicals in agriculture, not only because of the hazards to bumans, flora and fauna, but also hecause of unknown, an attitude endorsed e few weeks ago by the British Water

The Ministry of Agriculture favours a relatively lenient approach, but the Environment

Department would like tougher controls

long-term and synergetic effects of the release of these substances into the environment.

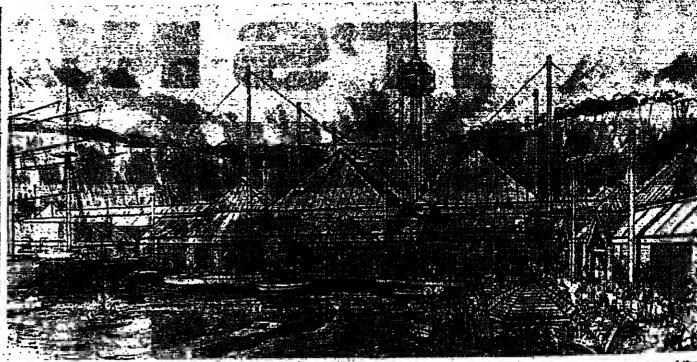
As for the farmer, he "should become aware that his role is not limited to agricultural pro-duction in itself, but should also extend to the maintenance of the rural environment." And society as a whole "bas to accept the fact that the farmer, as manager of the environment, is rendering a public ser vice which merits an adequate remuneration."

\*Pollution of Rivers and Estuaries. Session 1986-87. 3rd Report from Environment Com-£700m programme to reduce pollution of rivers and estumittee. HMSO £8.

STRY AND

FARMING

**Bridget Bloom** 



nent on the site of Blue Circle's querry at Stone, Kent, which will create Part of the proposed Blue Water Park develope UK's largest leisure, shopping and recreational complexes

Interview with Sir David Attenborough

# Our heritage of wildlife

ENVIRONMENTALISTS come in many guises. In West Germany and Japan they stage pitched battles with

not police to prevent the build-ing of nuclear power stations

and airports.

love grim statistics: 125,000 miles of British: hedgerows uprocted, 95 per cent of hay meadows lost, 80 per cent of chalk downigneds, 50 per cent of markhow do margaret of permai marshes, 40 per cent of natural woodland.

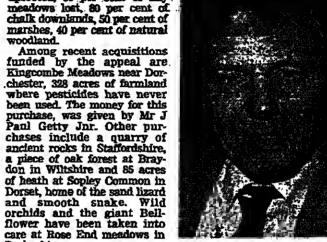
In the US they picket the World Bank to protest about development aid that encour-Among recent acquisitions funded by the appeal are Kingcombe Meadows near Dorchester, 328 acres of farmland where pesticides have never ages the burning of tropical rain forests or the flooding of peasant smallholdings by been used. The money for this purchase, was given by Mr J Panl Getty Jnr. Other pur-chases include a quarry of ancient rocks in Staffordshire, hydroelectric dams. On the high seas Greenpeace ships roam like latter-day ships roam like latter-day pirates, engaging navies in skirmishes which they are bound to lose but which will generate worldwide headlines. a piece of oak forest at Bray-don in Wiltshire and 85 acres

In Britain, however, environmentalists tend to be a gentler breed. We call them nature-lowers. The cause is supported by the Great and the Good: the Royal Family, the sporting cross-benchers in the House of Lords, all the way down to Derbyshire.

involved, for philanthropic or public relations reasons. The country parsons and retired military men. Board is beloing to look after the Little Tern and the Adonis blue butterily. British Rail has donated 200 of its acres, Shell Love of nature is part of the Englishman's character, or so he likes to think. Few would dare, like William Hazlitt, to

say: "There is nothing good to be had in the country, or if there is, they will not let you have it." The countryside is chic. No wonder Mr Nicholas Ridley, the Environment Secretary, is

Partnership has funded a waterfront project on the River Ouse in Cambridgeshire. Kellogg's has lent its corn-flakes fackets, Rudolf Nureyev being hunted like the for for his attempts to get more virgin land released to developers in has danced, Coalport has comthe overcrowded South-East. missioned plates and David The British way of defending the countryside is epitomised by e body called the Royal Society for Nature Conservation, e federation of 47 indepen-dent-minded local trusts. It has Prince Charles as its patron and e fund-raising council which includes as many titled names as a page of Debrett's. Half way through a five-year, filom appeal; the society has already raised the equivalent of £7.5m in cash and land to add to the 120,000 acres already managed by its member trusts. Its purpose is to protect the diminishing stock of heath, moorland, woodland, marsh, meadow and down where the rarer plants, insect, birds and animals live. Green lobbies



Sir David Attenborount

Big business has become joy, pleasure and interest. Compare the pleasure of hear-ing a thrush singing in the evening with spending fism on Central Electricity Generating e Van Gogh canvas or going to the opera. I know which most people would choose."

Contrary to the popular image of them, many farmers and landowners are conservation-minded, he says. But they have been driven by government and European Commu-nity policy to destroy natural habitats: ponds have been fil-led in, heigerows uprooted and marginal land brought into

the Education Reform Bill that would attach study of the environment to the national curriculum. Although the attempt failed, the society says it was assured by the Department of Education and Science that such "cross-curricular" school-work would in practice be encouraged.

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Mr Simon Perry, the soci-ety's head of education, says: We are afraid that there will be a certain amount of back-pedalling. If a subject is not part of the attainment targets and is not tested, it may not be tanght." But be says that the present level of environmental education is good, especially in primary schools where chil-dren study wildlife as an intro-duction to the natural sciences.

Conservation socleties are also getting involved in the leg-islation for privatising the water industry, to ensure that they retain the right to be heard that they presently enjoy. They suggested a sheaf of amendments to the Wildlife and Countryside Act of 1981, returning to the fray subse-quently on behalf of badgers. Unlike the otter or dormouse, the badger is still not fully protected

Last year they tried to secure an amendment to planning legislation for the Norfolk and Suffolk Broads that would give wildlife greater security.

The society's appeal was launched at e time when EC subsidies had driven land

Authorities Association, The WAA reported a 76 per cent

what reported a 75 per cent increase in prosecutions of farmers causing pollution in 1987, declaring that the worse pollution was caused by farm-ers who did not have adequate charace for cilem storage for silage. Silage and slurry are already recognised as major problemsin Holland and Denmark. The Danes have recently brought in legislation which requires each livestock farmer to have a

tank sufficient to hold nine months supply of slurry. Last week, in response to the committee's report the British government announced a

ONMENTAL CONTROI OLLUTION CONTROL

REGENERATION

# **Blue Circle is Branching Out!**

What's the largest cement company in the UK got to do with environmental care? Surely it is more concerned with concrete jungles than verdant forests?

But that's where you would be wrong! Ever since Blue Circle began digging holes in the ground, they have been thinking of imaginative and environmentally amicable ways of filling them adain.

Like Blue Water Park in Kent where they are creating new forests and pastureland, and the largest leisure and retail complex in the UK, within the quarry left after nearly 90 years of chalk excavation.

Or Grays, in Essex, where another redundant quarry is being turned into a new town that provides much - needed amenities for the local population and 'green corridors' for the local badgers. The company even diverted an access

road to avoid a colony of rare spiders. On the anti-pollution front, Blue Circle has developed e process control system, called LINKman, that halves even the relatively small amounts of acidic gases produced in the kilns. It makes the cement-making process more efficient tool

Eliminating environmentally harmful waste at the same time as generating profits isn't just e load of rubbish for Blue Circle. The Westbury Works in Wiltshire has invented e process that uses domestic refuse as e supplementary fuel in cement kilns - thereby reducing the coal bill by as much as 20%.

The list goes on. Wherever Blue Circle's ectivities impinge on the environment, they go to great lengths to lessen or reverse the impact. Many of their regeneration projects have the co-operation of local conservation groups and the blassings of local councils. So if you thought Blue Circle was only in the cement business, you'd be barking up the wrong tree.

**Blue Circle Industries PLC** Portland House, Stag Place, London SW1B 5BJ. Tel: 01 245 8000. Telex: 23701. Shepherd, the wildlife artist, has given one of his paintings. The chairman of the appeal

UK has given £52,000. Barclay-

card has put in 180 acres of wetlands in the Nens Valley, Northants, and the John Lewis

is Sir David Attenborough, the TV producer and naturalist. He says the strength of the trusts is that they are run by volunteers working in their own areas with a perspective denied to semi-statutory bodies like the Nature Conservancy Coun-cil and the Countryside Com-

is therefore directing as much money towards land manage-"Unless you get the perspec-tive right, local people lose out," he argues. "It's no conso-lation to people in Surrey to ment as towards acquisition. and a fifth of the income is going on educating townees and schoolchildren. lose something just because there's lots of it in Scotland. "What we are fighting for is is an important part of the pro-

our heritage of wildlife and wild places, a source of delight, made to insert language into

Cameroon government.

organisations.

The conservation plan is receiving financial aupport from the British and German

government and from seven scientific and conservation

A key part of the plan is the

plant medicine and other spe-

One of the first discoveries is

production "to pro that goes on the grain mounprices np. Bnt lt was also

Bending parliamentary ears

For example, an attempt was

becoming clear that agricul-ture policy was shifting under Buying desirable habitats is Buying desirable backing is only the first step. Even if landowners co-operate by let-ting or selling their superflu-ous acres on the cheap, the land will revert to scrub unless the weight of the EC's budgetary problem. The results of that shift can now be seen, and farmers are being offered money to take land out of proit is managed. There are decades of chemical farming to duction again. be undone. The wildlife appeal

Meanwhile, the Chancellor's last Budget has stopped some of the tax loopholes that encouraged millionaires to plant conifers in beauty spots.

Christian Tyler

□ Str David Attenborough is chairman of the British Wildlife Appeal, 164 Vauxhall Bridge Road, SWIV 2BB (tel: 01-828 1657).

# WORLD WIDE FUND Saving the tropical forests

THE CONSERVATION of animals and birds to pollinate tropical forests is now World its trees and distribute its Wide Fund's top priority, Home to almost half of the world's known species, they balanced, inter-linking eco-sysworld's known species, they are being destroyed at an alarming rate, says WWF, which claims to be the world's largest voluntary organisation devoted to conservation. About half the world's tropi-

cal forests have gone this century, and at present rates of destruction there will be no undamaged tropical forests left within the lifetime of children born today, WWF warns. Much of the damage is

caused by land-hungry people moving into the forest and creation of an egricultural "buffer zone" round the Korup exhausting the soil. Commer-National Park. Here, on more cial logging and cattle-ranch-ing also cause destruction. fertile land, there will be projects in sustainable hunting, agriculture, forestry and fish WWF is actively working in many of the world's threatened forests - in Africa, the Far

farming. WWF has a small full-time East, Central America and staff in Cameroon but in addielsewhere - to curb the tide. tion commissions world Korup in Cameroon is a difexperts in forest agriculture, ferent kind of conservation project and one of the most ambitions that WWF has cialist topics to study conditions in Korup and look for undertaken. Luckily for Korup, solutions it lacks the conventional eco-

nomic wealth sought by man. There are no mineral reserves. that the introduction of a virus resistant cassava, the sta-The terrain is too rugged for ple diet of the forest people, will agricultural use and the soil is greatly increase yields. And very poor. Rainfall is nearly 18 crop rotation, not at present practised, will help reduce plant infections in village plots ft a year. Though Korup's tim-ber is commercially valuable, it is not easy to extract. and home gardens.

However, its forest leopards, Some forest giants such as elephants, elegant drills and many other forms of animal and bird life are threatened by hunters who, armed with modthe wild mango tree and other fruit and nut trees are being reduced in height and their fruiting cycle speeded up to make them more acceptable to ern weapons, move in to supply the large markets of Nigeria and Cameroon. But Korup depends on its

the local farmers. Early in the 20th century German colonial administra-

47

tors planted trees known to 'yield quinine in Cameroon. tem is to survive. WWF has appointed a team.

Today WWF experts bave helped to identify more than 90. naturally produced chemical substances in Korup - 38 new to science - with potential led by a senior socio-economist to investigate the problem and make recommendations to the

uses in industry or medicine.

These "medicines from the forest" may help to reduce Cameroon's dependence on costly imported pharmaceuticals, according to WWF.

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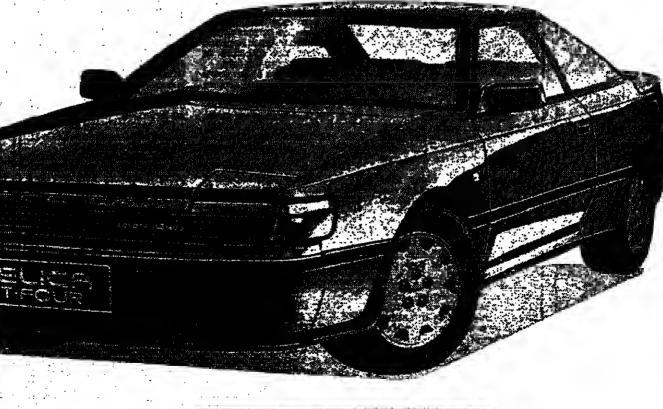
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THE WASTE disposal industry is currently undergoing intense scrutiny as a result of growing public concern over hazardous waste. In recent months the increased importation of such waste into the UK has received wide publicity.

The regulations governing disposal of dangerous or spe-cial wastes (that is, wastes that are difficult to dispose of) cover 31 substances that are corrosive, flammable or toxic. The description embraces acids, alkalis, asbestos, some metals and even surplus medicines that have to be dumped.

The all-party Commons Select Committee on the Envi-ronment is currently carrying out an investigation into toxic waste. The Department of the Environment has a working party looking at waste disposal and whether the present licensing system for waste sites needs revising. The Royal Commission on

Environmental Pollution - the standing body that keeps an eye on these matters – recently demanded that the Government should produce early proposals for effective safeguards on the growing importation of waste.

In fact, to its credit, the Governmeut did receutly announce broad proposals to tighten up considerably on waste disposal even though the new measures went almost unreported in the national media.

A statutory duty of care will be imposed on both producers and holders of waste. Carriers of waste will have to register with a waste disposal anthority. and registration will be refused to those with relevant couvictions. The waste disposal authorities will be able to refuse, revoke or suspend licences to unfit persons.

At the same time, the waste disposal industry, aware of the level of concern, is reacting by improving its own practices and updating its technology. The annual report of the

Government's Hazardous Waste Inspectorate for 1986-87, published a few weeks ago, declares: "During the year it has been encouraging to note cignificant improvements in significant improvements in waste management in some

areas." The standard of operation had improved on the sites of some waste disposal authori-ties and of the large waste dis-posal companies where greater consistency had been apparent. However, the report drew attention to the steep rise in the imports of hazardous waste

full information to keep track of it.

In the year covered by its previous report, 1985-86, it says that 25,000 tonnes of hazardous waste were imported into the UK for disposal, primarily by

incineration or chemical treat-ment. But in 1986-87, 53,000 tones of hazardous waste had come into Britain and in addition 130,000 tonnes of other

waste had been imported and disposed of in landfill sites. But other bodies put a higher figure ou imports of hazardous waste. The Institu-tion of Water and Environmental Managemeut, which repre-sents professionals in the private and public sectors, believes 100,000 tonnes were

brought in during 1986. According to the inspector-ate the largest exporter of haz-ardous waste to Britain is Hol-land (55 per cent) with Ireland and Belgium next (12.5 per cent each). Smaller quantities come in from Portugal, Canada and the US (2.5 per cent each) and the remainder from West Gerand to the difficulty of getting

ERLIN

ECOLOGY FUND

# A hazardous trade

**ENVIRONMENT** 6

John Hunt on Britain's waste disposal industry

many, Denmark, Norway, Sweden, Spain, Italy, Australia, Singapore, Hong Kong and

The volume is expected to continue increasing this year and next. The British Government takes the view that such a lucrative import trade is per-missible, provided the safety

regulations are complied with.

The waste is attracted to

Britain by the lower costs of

disposal which can be five times less than in France or

West Germany or three times

less than in Belgium. The Inspectorate is con-

cerned that under the present

**POSITIVE ACTION is being** 

taken to protect and enhance

the quality of the North Sea by the governments of the coun-

tries that surround it, in moves

that show a fresh willingness to compromise between the UK

and its European Community

There had been divergent

partners.

aware of the waste until it has More and more British ports are handling the trade. In 1985-86 there were nine but by

the following year this had risen to 31. The Inspectorate

The largest exporter to the UK is Holland highlights the growing number of companies entering the import trade with no previous experience of waste disposal. It is also worried at the prolifera-tion of brokers which makes it difficult to trace the origin of

#### consignment note procedure turbed to find that that 83 per cent of the hazardous waste in the Waste Disposal Authority England and Wales was still going into landfill sites and at the port of entry may not be only 9.5 per cent was disposed of by incineration or chemical treatment.

Meanwhile, the National Association of Waste Disposal Contractors is drafting guidelines for its members on improved practice at sites. Some of its members would like to see a national regulatory authority controlling disposal rather than the present system of waste disposal authorities, which is based on county councils.

The Institute of Wastes Man-agement, which represents pro-fessionals in the public and pri-vate sector, complained to the Commons Environment Com-

# POLLUTION A North Sea change

and its reputation as a giant rubbish dump, the North Sea is in remarkably good shape. Its fish harvest has always been large and doubled in less than a decade to 1968.

cause is almost certainly over -fishing rather than damage from pollutants.

A task force has been set up to implement the strategy, a special scientific co-ordinator appointed, and a "red list" pre-

appointed, and a "red list" pre-pared by the British govern-ment of about 30 substances whose input into the North Sea needs to be controlled more rigorously. The list is due to be completed and published before the parliamentary sum-mer recess and aims at reduc-ing the scale of pollution by 50 per cent by 1995. Progress, altbougb never enough for the environmental groups anxious to protect the major reductions in the inputs of dangerous substances such as calmium, mercury, oil, phe-

relatively small amounts of liq-uid chemical waste - about 242,000 tonnes a year compared with West Germany's 1.3m conveniently south and then

east, and most of it becomes ineffective through dilution. But effluent from West Germany, particularly from the Rhine, flows northwards into

trol of Pollution Act which leave scope for the disposed of waste by environmentally mittee of the inadequacy and piecemeal nature of existing legislation controlling waste unsatisfactory means. There is also proving inter-

FINANCIAL TIMES TUESDAY JULY 19 1988

disposal. It is self-evident that we need strong central guidance, and national standards and codes of practice," it told the inquiry. The institute also said that

that an increasing quantity of contaminated waste brought

contaminated waste brought into the country was going into landfill sites. It believed that it should only be brought in if it is destined for a treatment plant that is properly licensed under government regulations. Another body, the Institu-tion of Water and Environmen-tal Management, told the com-mittee that it sees no reason to stop the import and export of hazardous waste. However, imports should be stringently regulated to ensure that den-Greenpeace, the conserva-tionist organisation, has called for a global ban on such inter-national movements. In the regulated to ensure that dan-gerous waste is correctly transported, treated and disposed of and not diverted to landfill. The Chemical Industries

sludge on farmland. The.

authorities argue that this is already being done as much as possible.

It was agreed that dumping should end "at the earliest practical date" and the indica-

tions are that when the next

North Sea conference is beld in the Netherlands in early 1990, a total ban on dumping will be

high on the agenda. The dump-ing of particularly harmful

wastes is to stop by the end of next year and the dumping of

garbage from ships will also be prohibited.

dumped in designated zones. None of the other countries

for CFCs that are as cheap,

reliable and non-poisonous. It

mps any sludge.

Unless such requirements are clearly stipulated, Green-peace says that the convention will merely formalise the "dou-ble standards" employed in the Association also points out that there are shortcomings in the implementation of the Conpresent trade.

> officially for at least two years, but in the meantime the gov-ernment is looking to industry. and the water authorities to provide action plans to reduce discharges of dangerous sub-stances in advance of legisla-tion tion

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national anxiety over the increasing dumping of inaurd-ous waste from the industria-

lised nations to developing

lised nations to developing conntries such as Guinea, Banin, Congo and Nigeris, The United Nations Environmental Programme is now in the pro-cess of drawing up a global convention to control trans-

boundary movements of this

meantime it wants the burden

of proof to be placed on the exporter to demonstrate that the waste will not leak into the

environment at the disposal

waste.

tion. Privatisation of the water authorities in England and Wales, due to take place at the end of 1989, is not strictly relevant to the implementation of the strategy, as the government's policies will stand. The increased costs of preventing pollution will inevitably be a factor to be taken into account by prospective investors, however.

The National Rivers Authority, which is to take over regu-latory functions from the water authorities, will be responsible for implementing statutory quality objectives, and should find it easier than expected because of the convergence towards European Community

Basically, continental coun-tries bave argued that there should be pre-defined limits on various polluting chemicals which every producer would have to meet with the use of "best practical technology." Britain, on the other hand, has preferred the view that what matters more is the quality of matters more is the quality of the water system as a whole, taking into account the effect of pollutants reaching it.

The London conference brought these divargent views much more into line, with give and take on both sides. It was an outcome that can only be good for the future health of the North Sea.

**Richard Evans** 

partners. The sea change, after years of wrangling and increasing isolation for Britain, came at a major conference in London last November called to co-or-dinate action against North very day, more and more people become concerned with the way the world is turning. And more and more companies are reacting to consumer Sea pollution. and legislative pressure and cleaning up their act. The demand for a unit trust that's concerned with the views on a number of issues, particularly the dumping of sludge and incineration of environment is clearly there. Which is why we launched the Merlin Ecology Fund. refuse at sea, but the confer-ence ended with a wide range of agreement on common poli-cies to improve the environ-- Sound business ment.

Above all, the companies we invest in have to be successful and profitable. But they also have to show a positive commitment to the world around them.

# Why on earth have we launched the U.K.'s first environmental unit trust? The answer's all around you.

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some waste. The Inspectorate was dis-

The biggest ever harvest of fish, nearly 3.5m tonnes, was in 1974. It has fallen since, but the

Much of the UK discharge into the North Sea comes from five major estuaries down the east coast: the Forth, Tyne, Tees, Humber and Thames, and much has been done in the past 30 years to improve the quality of these estuary waters. Among the key achieve-ments have been the return of salmon to all five rivers, the transformation of the Thames into the cleanest metropolitan estuary in the world, and

nol and cyanide. One great advantage for the UK has been an accident of geography. Currents take the

the shallow waters of the Wad-den Sea and it is here that the

greatest problem lies. West

water authorities, there is no Germany dumps four times as much industrial waste in the water authornies, there is no evidence of harm to fish or plant life, but organisations like Greeupeace believe it would be safer to spread the North Sea as does Britain and twice as much as the second

biggest culprit, Belgium. However, the Germans, partly because of political pres-sure from the Greens, are particularly keen on a clean-up

iccularly keen on a clean - up campaign and on accepting that its industry will inevitably suffer by shouldering the cost. Progress in making industrial processes less polluting, and in improving campage treatment has sewage treatment, has produced other consequences, treatment, has however. One has been the increased volume of sewage for which alternative disposal routes have had to be found. In some cases sea disposal has been used as the cheapest method, and this has become a very contentious issue.

Dumping has been the clear-est example of where Britain has been out of step with its EC partners. Every year 5m tonnes of sewage sludge is taken out of British ports and dummed in designated somes The UK government has regarded it as legitimate so long as it is very strictly con-trolled but, as part of the compromise with EC partners, ministers now accept that the practice, together with incineration of waste at sea, will have to end.

Marine incineration is to be reduced substantially, by not less than 65 per cent, by Janu-ary 1991 and phased out entirely by 1995. The rules for licensing marine incineration The interim deal, agreed at the November meeting, was licensing marine incineration in the UK are already very that the disposal of sewage sludge can continue, but on no greater a scale than the 1987 tightly drawn, and British industry makes relatively little use of this disposal option evel. What this means in practice is being negotiated between the affected industries less than 5 per cent of the North Sea total. The new unified approach requires legislation and there and the Ministry of Agriculture and Fisheries.

According to research by fore cannot be implemented

Mertin Fund Management, Umited is a member of LAUTRO. IMRO and the Unit Trust Association.



# **A LEADER IN HIGH TEMPERATURE INCINERATION**

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# Side-effects of wonder chemicals

THE OZONE LAYER

IT WOULD make a marvellous science-fiction story. A group of wonder chemicals, deemed essential for many parts of modern life, is suddenly found to threaten the very people who had so valued them.

groups anxious to protect the North Sea habitat from any pollution, shows a growing awareness among the eight states bordering the North. Sea of the dangers of using it in too

lax a way for waste disposal The eight are Belgium, Den-mark, West Germany, France, Netherlands, Norway, Sweden

In fact, considering the scale of industry around its shores

and the UK.

The trouble is - the story is true. It concerns a family of substances known as chloro-fluorocarbons (CFCs), which are produced in large quanti-ties for use as foaming or blowworld.

ing agents. They are to be found in items as diverse as aerosols, packaging materials, insulat-ing fluids in refrigerators and cleaning agents in electronics. When they were invented in

the US some 60 years ago, CFCs appeared a great advance. They have extremely suitable physical and chemical

properties for the jobs for which they were designed. Moreover, they are highly inert, non-toxic and relatively

chean World output of CFCs

climbed gradually and now amounts to about im tonnes, worth roughly fibn a year. Leading suppliers include Du Pont and Allied-Signal of the US, Akzo of Holland, France's Atochem and Imperial Chemi-cal Industries of Britain.

The downside to CFCs was first suspected during the 1970s and the evidence has hardened considerably in the past few years.

It has become clear that CFCs released into the air can damage the ozone layer, which is high in the atmosphere between 25km and 50km above the earth and acts as a shield, protecting people from certain frequencies of ultra-violet radi-ation from the sun that can cause skin cancer.

Ozone, a particular molecu-lar form of oxygen, is being produced and destroyed continually in this part of the atmo-sphere as a result of a complex sequence of chemical reactions. But under normal conditions it has a roughly constant

concentration. Scientists believe, however, thet CFCs infiltrating into the upper atmosphere have upset the balance by decomposing to produce chlorine which destroys ozone. This thins the ozone layer, so letting more ultra-violet rays through to the earth's surface.

The most convincing sign of this phenomenon were mea-

surements last year which indicated an ozone "hole" had formed, during the Southern Hemisphere's late winter and early spring, above the Antarc-

It seems, from relatively rudimentary readings by Cana-dian scientists, that a similar loss of ozone may be occurring above the Arctic during the winter in this part of the There are plans to confirm

the existence or otherwise of the Arctic "hole" in a series of more concise measurements next winter.

The extreme inertness of many forms of CFCs - which means they can last 100 years or more before breaking down into the constituent atoms, which include chlorine - is thought to be behind their effect on the ozone layer.

Due to the molecules' lon-gevity, it is only when they have risen into the higher regions of the atmosphere, where the ozone layer happens to be, that the chlorine is released, doing the damage. If the substances broke down

lower in the air mantle around the planet, the chlorine would be dissipated in some other way, reacting with other mole-cules to form relatively innocuous substances, and no-one would have to worry about threats to life.

The reason for the "holes" in the layer in the polar regions is still poorly understood. It appears, however, that the chlorine from the CFCs may be chorne from the CFCS may be locked up to a particular chem-ical form during the summer months above the poles and then released in winter as a result of the peculiar meteoro-logical conditions in the atmo-subers above these peculiar the sohere above these parts of the world.

During the summer, scientists think rather less chlorine becomes available to act as an "ozone eater", as a result of which the ozone layer in these regions at least partly reforms.

The worrying thing for the world as a whole is that these holes above the poles almost certainly confirm a thinning of the layer everywhere. It may only be a matter of time before more, similar gaps in the layer

appear in other regions. These concerns were acted upon in a historic treaty agreed last year in Montreal at which 62 countries said they would reduce CFC production in a series of steps by the end of the century. From next year production has to be frozen at 1986 levels, with a cut in outpnt of 20 per cent by 1994. After this, there is to be a further reduction so that by 1999

production is only half the 1986 output of the chemicals.

The treaty – assuming it is ratified by sufficient nations -is the first time that countries have joined in any signifi-cant way to do anything about air pollution.

But already some observers have questioned whether it is enough. The current agreement is likely to lead to global levels of chlorine in the upper atmosphere continuing to atmosphere continuing to increase for the foreseeable future, partly due to continu-ing production and also because of the effect of the large volumes of long-lived CFCs released into the air over the past few decades. The Montreal treaty applies only to a group of five sub-stances. These are what are called fully-halogensted CFCs, which are the ones in greatest use and whose molecular struc-

use and whose molecular struc-tures contain relatively large mbers of chlorine atoms and no hydrogen. The materials are designated

in chemical parlance: CFCs-11, -12. -113, -114 and -115. As a result of the agreement,

As a result of the agreement, the search is on worldwide for other chemicals that can do a similar job to the fully haloge-nated materials but do not have their damaging effects. Some of these materials fall into the comp of what are

into the camp of what are called partially halogenated CFCs; these have fewer chlo-rine atoms and more hydrogen

atoms. Among their number are CFC-22, -128 and -124. Du Pont, the world's biggest producer of CFCs, has already said it plans to cut out production of the fully halogenated substances altogether although, significantly, it has not said when Meanwhile, it is pressing on with the search for alternatives, as are many of the other leading CFC suppliers.

Alternatives for some uses, such as aerosols, are relatively easy to find. In aerosols where CFCs have been banned from use in the US since the late 1970s as a result of environmental pressures - it is not that difficult to use replacement propellant agents such as hydrocarbons. It will be much more diffi-to come up with another genersuch as hydrocarbons. It will be much more diffi-cult to find replacements in ation of wonder materials will

some of the other applications be most fully tested.

**Peter Marsh** 



.... to make a significant contribution in the EEC drive to reduce NOx emissions from large-scale power plants by a third within the next decade.

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#### **Aerosols** destroyed

A COST-effective method of disposing of acrosol containers has been developed by Biffa Waste Services, part of the BET group.

The company's acrosol destructor at Bray, near Maid-enhead, in Berkshire, destroys the aerosols under controlled

The destructor is Biffa's answer to the increasing con-cern being expressed by the public and local anthorities about the way acrosol contain-ers are deposited in landfill

## **Incinerator** to cost £20m

£20m incinerator is to be Humfrey Smeeton, managing tilt in the North-East of director of OEML, "increased built in the North-East of England by Ocean Environ-mental Management (OEML), part of Ocean Transport and Trading. With a capacity of 30,000 tonnes a year, it will be

used chiefly to dispose of organic chemical wastes. . Through its subsidiary, Cory Waste Management, OEML, claims to operate the largest waste treatment plant in the South. More than 50,000 tonnes of waste can be handled each year, and the polymer resulting from the freatment process: is landfilled at Cory's site at toxicological testing services. Mucking in Essent. There are plans to expand in However, according to Mr Europe "in the near future."

There is an explosion risk when old or defective aerosols are first put in the ground and crushed by a compactor vehicle - and there is a further risk when natural decom-position raises their tempera-

At Biffa's aerosol destructor, the cans are fed by conveyor belt into a shredder and the residual liquid is taken away for treatment. Only the shred-ded cans - a fraction of the volume of the original untreated containers - are landfilled.

environmental pressure on

industry will result in consid-erably greater demand for

environmentally harmless

methods for the treatment and

disposal of hazardous waste, as

opposed to direct landfill. We

expect to commit further sub-

stantial resources to meet this increased demand."

Through National Environ-

mental Testing, its US subsid-iary, OEML has a network of regional laboratories offering

environmental analytical and

# **ENVIRONMENT 7**

John Elkington on the pursuit of sustainability and the greening of consumerism

# Industry, from being the villain of the piece, becomes a natural partner

"BHOPAL sent us back to the drawing board," says Budd Suith, appointed to the new post of vice-president for health, safety and environment at Union Carbide in the wake of the world's worst chemical disaster

Although Union Carbide is. was to hlame, Mr Smith told a major conference in Washington, DC, last month that the company had radically overhauled its environmental strategy. The conference provided a

rare opportunity to assess how far US and European Commu-nity companies have moved in pursuit of "environmental excellence."

Organised by the Interna-tional Environmental Bureau, part of the International Cham-ber of Commerce, and the World Bank, the event also hailed the extraordinary role played by Mrs Gro Harlem Brundtland, Norway's Prime Minister, in the worldwide shift to more environmentally sustainable forms of economic

development. The scale of the challenge facing us was underscored last year by the report of the World **Commission on Environment** and Development, which Mrs Brundtland chaired. "Given population growth rates," the commission concluded, "a five

to tenfold increase in manufacturing output will be needed just to raise developing world consumption of manufactured goods to industrialised world levels by the time population growth rates level off next

century. Once viewed as the invariable villain of the piece, industry is increasingly seen as a potential part of the solution. But Mr Smith did not underestimate the difficulties of over-hauling the environmental performance of a major company. "If you don't have the support of your chairman, or if senior management isn't on board," he warned, "I'd go and find another corporation to work

for. Environmental risks -noted Mr Donald Hahn of Procter & Gamble, are business risks, If you use chemicals like polychlorinated biphenyls (PCBs), which have an image almost as bad as DDT, "you

risk plant shutdowns which coming. If they resolve their could jeopardise your ability to supply entire markets." As a result, Procter & Gamble has been moving away from PCBs much faster than the law demands.

Hazardous wastes were top of the agenda. "The best way to manage waste," stressed Mr Don McCollister of Dow Chemi-cal, "is to avoid producing it." Once considered Public Enemy Number One by environmen-talists, Dow is now justifiably proud of its "Waste Reduction Pays" Always (Wrap)

Arways Pays" (Wrap) programme. The commercial benefits of such programmes can be sub-stantial. The Pollution Preven-

Agency and a member of the World Commission on Environ-ment and Development, stressed that "the pursuit of stressed that "the pursuit of sustainability is not about doing good. It's about creating

corporations is now seen as a critical asset

tion Pays (or 3P) programme operated by 3M has already saved the company an estimated \$420m. There was no shortage of

confessions at the conference, however. "We've made mis-takes," admitted Mr Victor Sussman of Ford. "We try to learn from these things." The company recently sold a

vehicle assembly site in New Jersey, but later found that the soil and groundwater were extensively contaminated. Ford has since spent over \$10m on clean-up operations and Mr Sussman predicts it could end

it got for the site. Perhaps not surprisingly, the Americans pioneered what is called "environmental auditing." Allied-Signal began its auditing programme in 1976. "There's no punishment for having problems," explains Mr Jonathan Plant, the company's environment director. "There's punishment when problems fail to surface. Let's get the problem up in front of us so we

can work on it." Now European companies are catching up fast. "The auditor's role is not that of an. environmental policeman," cautioned Mr Gotfried Eigenmann, who heads Ciba-Geigy's environmental andit-ing unit in Switzerland. "This isn't a hold-up, nor a head-hunting affair. We let the plants know when we will be

problems because they know an audit is coming, that is OK with us." But the auditors are careful bit the analysis are caterin not to let plant managers dic-tate what they see. We always ask to see the backside of the plant," he explained. Mr William Ruckelshaus, twice administrator of the US Environmental Protection Agency and a member of the

"It is simply not possible for three-quarters of the world's

The expertise of the leading multinational

population to repeat the mis-takes we have made." The expertise of the leading multinational corporations is. now seen as a critical asset in the business of sustainable development. To make it avail-able to the Third World's 3bn-"customers," plus the International Environmental Bureau acts as a non-profit conduit.

IEB, says its chairman, Mr David Rodderick, USX chair-man, was launched as a free market mechanism to "try to get to solutions - and to cut out a lot of the red tape." India has been the biggest user of IEB's services to date.

European companies like Shell, ICI and Bayer have also been investing heavily to improve their environmental' performance. Earlier in 1988, indeed, BP became the first European company to win the World Environment Centre's gold medal.

The pressures on British business will continue to inten-sify, however. Tioxide, for example, has just announced that it will have to spend £220m over 10 years to clean up the River Humber. The Americans may still lead the field, but this is no one-horse race. Even financial institutions

are waking up to the need for increased environmental spending. Dr Hellmuth Berg-mann, the European Invest-ment Bank's chief technical

adviser, notes that the bank's environmental spending more than doubled to Ecus 1.6bn in 1987 - out of a total spend of Ecus 7.4bn. All project propos-als are now subjected to environmental assessments and the bank is investing heavily in water and air clean-up pro-

jects. The impending privatisation of Britain's water and electric-ity supply industries is forcing the City to think about such issues as sewage pollution of rivers, acid rain and even the emerging global "greenhouse effect

The environmental industry, employing some 2m Europe-ans, is itself proving an incre singly attractive investment prospect - with some 9,000 companies active in pollu-

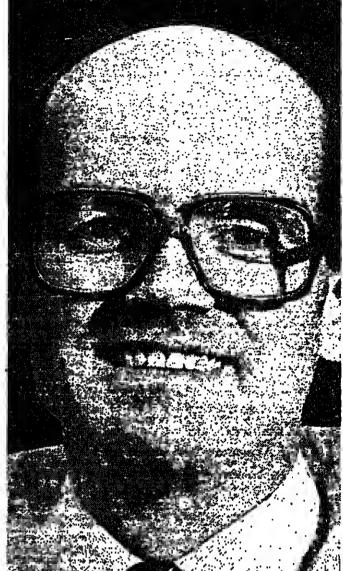
tion control alone. New partnerships are con-stantly being developed. "Individnal companies must be helped to develop their envi-ronmental policies and pro-grammes," says Mr Tom Burke, director of the Green Alliance, "and to communicate what they are doing to onin-ion-formers and the public. Environmental training must be the norm for managers and staff, at every level, from com-pany introduction courses to MBA programmes."

One vital area where Europe leads the pack, meanwhile, is in the greening of consumer-ism. The trend first emerged in countries like Switzerland and West Germany, but could

spread to Britain, too. September sees the launch of the first national Green Consumer Week, sponsored not only by campaigning groups like Friends of the Earth and the World Wide Fund for Nature, but also by businesses like Anita Roddick's Body

Shop. The major supermarket groups are sensitive to the potential threat. Some -Asda and Tesco – are doing their best to appear environ-ment-friendly. Organic produce is available and CFC-free aero-sols are on display. The Co-op is switching from plastic back to recycled cardboard egg-boxes, while Tesco is introducing lead-free petrol

In short, expect more major advertising campaigns promo-



John Elkington, managing director of SustainAbility

ting "green" products. Selling sustainability will not be the same as selling the latest wash-ing powder, but sold it must be. The time is not too remote when we may find ourselves wondering how we ever did without it. Managing director of Sustaina-bility, John Elkington is co-au-thor of The Green Capitalists (Gollancz, 1987), Green Pages: the Business of Saving the World (Routledge, 1988) and The Skrinking Planet (World Resources Institute, 1988)

VII

# Chemistry for the Environment

Degusso AG Weissfrauenstr. 9 D=6000 Frankfurt 1 Degussa catalysts tum

poisonous exhaust fumes from cars into harmless substances. 25 years ago a task for our research department. It was solved successfully. Millions of cars in many parts of the world are equipped with Degussa catalysts. Our research continues.



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## **ENVIRONMENT 8**

# ACID RAIN Why Britain is in the dock

A REPORT by the World Resources Institute used grim language to warn of the damage that acid rain is inflicting on the forests of Europe and the United States. "A spectre is haunting Europe and North America the spectre of widespread forest decline," it declared. "The mass mortality of trees observed across large areas of Central and Eastern Europe over the past five years seems to be accelerating." In fact, the problem of acid

rain has been with us longer than we realise. In 1886 Henrik Ibsen, the Norwegian play-wright, observed the effects of pollution in his own country and blamed it on the "noisome fumes" coming from the smoke stacks of British industry on the other side of the North Sea.

Since then, Germany's for-ests have wilted and Scandinavian rivers and lakes have acidified in step with the increased industrialistion of Northern Europe and the pro-liferation of motor cars belching exhanst fumes. Damage has also been observed in the UK although some British sci-entists still believe that the connection with acid rain is unproven.

The main pollutants in acid rain are sulphur dioxide and nitrogen oxides (NOx). The sulpbur comes mainly from the-combustion of fossil fuels in power stations. NOx comes partly from power stations but mainly from the exhaust fumes of cars.

It is estimated that the number of cars in the world has risen from 38m to 350m over

the past 40 years. In Norway and Sweden lakes have lost their fish as acidity has increased. Researchers for Sweden's Environmental Protection Board say that in the south of the country acidity in the soil of forest areas bas increased five to tenfold in recent years. In many soils there will sooo be oo calcium or magnesium for trees to take

up, they claim. In Germany researchers have estimated that over 50 per cent of the country's trees

have been damaged. A report into acid rain car-ried oot by the House of Commons Environment Committee in 1984 warned that a substantial reduction in emissions of sulphur and NOx was needed. to safeguard freshwater life in the UK. It also warned that it



Forasts destroyed by acid rain in New York State

was beyond doubt that acid rain was damaging the coun-try's historic buildings.

There have been complaints from Germany and Scandina-via that Britain is a major contributor to their air pollution. This pressure has been one of the factors leading to action by the British government to cut emissions from power stations and cars.

At the EC Council of Environment Ministers in Luxem-bourg last month, Britain agreed to step op its programme to combat air pollu-tion. It accepted the Community package to cut emissions of sulpbur dioxide from power stations and heavy industrial plants from 1980 levels by 60 per cent in three stages, with a deadline of the year 2003. Under the plan, the UK will also reduce mitrogen oxides by 30 per ceot in two stages by

1998 Conservationists are not too impressed. Friends of the Earth see it as an important first step but claim it falls short of the levels needed to protect Britain's forests and lakes, Greenpeace argues that it means "pollution as normal for the next five years." They are also annoyed that

Britain has refused to join the 'SO per cent Club" of nations that are committed to reducing by 30 per cent the total volume of their 1980 sulphur dioxide emissions by 1993. Only last

month the Commons Environment Committee repeated its call for Britain to join the clnb.

For its part, the Government argues that it has already done much to reduce air pollution. The Central Electricity Gener-ating Board has commenced a £1bn desulphurisation programme but the agreemant entered into at Luxembourg will now mean doubling the number of existing power sta-tions to be fitted with gas cleaning equipment. This could result in electricity prices in Britain rising by more than

£700m or 1.5 per cent. Obviously, there is no such thing as a free lunch in conservation matters.

An acid rain campaigner, suitably masked to take on the Islington (North London) traffic

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MANAGING WASTES

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Statistics have tended to constill takes a cautious view on whether acid rain is responsifirm the complaint that Britain is the "dirty man" of Europe when it comes to pollution. A table by the Nordic Council of ble for the deterioration of forests. In its submission to the Commons Environment Com-Ministers in 1986 put Britain well ahead of 16 other Western mittee earlier this year it pointed out that there are hig differences between the techand Eastern European coun-tries in the emission of sulniques used in various counphur. The UK was exceeded tries to assess acid rain dam only by the Soviet Union. But Britain is handicapped

It also felt that the results of investigations tended to yield different results in different by its dependence on domestically-mined coal that has a higher sulphur content than most other Enropean coun-tries. Even more large reduccountries. Overall, it said, the decline of conifers in West Germany and Austria seemed to tions in the use of coal would have slowed down over the further damage a mining industry that has already expepast three years. Elsewhere in Western Europe, conifers had continued to deteriorate. rienced drastic pit closures. The Forestry Commission

> "Great care must be taken in interpreting these statistics," it said. "It is important to state that this work has not, as yet, led to satisfactory explanations of more than a few of the decline symptoms and their distribution."

Greenpeace accused the commission of "moving the goal posts" and of having "stymied" progress towards formulating government policy to reduce air pollation.

The report of the committee, issued last month, criticised said that it "stands alone in its refusal to accept a nexus between air pollution and tree damage."

Despite this, some organisa-tions do back the commission's view. The Watt Committee on Energy has concluded that more research is needed and that some of the more alarmist reports on the effects of acid

# Affluent countries more aware of the issues A pollution paradox les

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ENVIRONMENTAL awareness poses an interesting paradox: the more affluent (and therefore highly industrialised) the country, the higher the awareness. One only has to look to Germany, Japan and the US for the evidence.

Early economic perceptions that environmental protection can only result in a net increase in costs to industry has given way as a buoyant and growing environmental industry begins to flex its muscles.

ICI's substitution from coal to oil and gas at its Teesside fertiliser plant in the 1960s provides a early classic case of a change in raw materials and production methods not only eliminating waste but reducing costs too. This resulted in enor-mous reductions in atmospheric pollution.

energy wastage by 20 per cent. between 1963 and 1965. It has published a policy paper entitled "A Continuing Policy to Energy Efficiency in the Community" which has been endorsed by the Council of Ministers and which armee Some processes had been going for well over 100 years. For example, it was the devel-opment of the Leblanc process for making soda in South Lan-cashire and North Cheshire which brought the Alkalis Act. that improving efficiency by just 1 per cent a year, or half of the target figure, over the next decade would reduce sulphur into being in the 1860s.

The process emitted vast quantities of waste hydrochloric acid which, given the limits of the technology at the time, could not be recovered.

More infurtatingly, it pro-duced "black ash" or sodium sulphide which, when mixed with rainwater, produced hydrogen sulphide - the tradi-tional prankish schoolboy laboratory preparation for produc-

oxides by 125,000 tonnes a year, nitrogen oxides by 200,000 tonnes a year, and would lower snbstantially atmospheric emissions of carbon dioxides. "Those are the only figures I have ever seen which do actu-ally try seriously to predict the potential statistically," adds Mr Warren. ing rotten egg odours. The solution to this problem came with the introduction by Brunner Mond – one of iCTs predecessors – of the solvate ammonia soda process which eliminated both hydrochloric Mr Warren.

"Now that aim is very mod-est, but having said that, we have actually slipped backacid and black ash In the case of iCI's Teesside fertiliser plant, the main drive to new materials and processes was economic - other compa-nies were making ammonia from oil around the Gulf of Mexico at prices which enabled them to ship it to Europe more charalt that IO wards in the initial period of 1983 to 1985. We are not actu-ally improving energy effi-"The assumption has been that ever since the Yom Kip-

cheaply than ICI could. The pur War of 1973 and the consefact that it was a more modern and cleaner technology was, of course, recognised as an additional benefit. just not been true over the last two or three years," says Mr

There are occasions when one actually saves money, but in general it costs money," says Mr Mike Flux, group envi-ronment adviser for ICL. "In the US where we have a

ning to get worried about this because of the implications for the extra overheads that such profligacy has, firstly ou domestic and industrial conplant producing pesticide intermediates, it was not so much a new process as the process being cleverly adapted to sumers, and secondly in terms reduce the amount of waste and to recycle material which had previously been produced as wasta into saleable prodof the extra capital that has to be found by the nullities to pro-vide the additional energy which will be required," he ucts. adds.

The real challenge is in mar-rying two objectives: firstly, reducing waste generation, and remental awareness, the Commission is currently mont secondly, improving energy toring 12 schemes ranging in size from very large chemical process plants to relatively. efficiency. A more coherent government policy across departmental boundaries small industrial processes would also help. under its "Clean Technologies "The Environment Depart-Demonstration Programme. ment obviously has a remit relating to pollution - the Energy Department has none. But the Energy Department Environmental Resources

of Ministers, and which argues

Never the twain

shall meet

quent hikes in oil prices, the industrialised economies have

been improving their energy

efficiency. In practice, this has

"The Commission is begin-

Warren.

Environmental resources (ERL) has been monitoring a number of these projects for the Commission. These are demonstration schemes in that has a remit relating to the use of energy, and never the twain shall meet," asserts Mr Andrew Warren, director of the they are seen to carry some financial risk for which fund-ing must be made available. Association for the Conservation of Energy. The European Commission is making very specific forecasts on the amount of both altrogen and sulphur oxides that can be

One of the iargest, Frederica Cellulose, is a paper mill based in Jutland. Denmark, which produces paper from straw, and which converts the straw pulp into high quality paper. reduced by improving energy efficiency. Its aim is to reduce "Apart from eliminating the

need to burn straw, the couventional pulp process, which is usually a rather mucky one and produces highly polluted water is eliminated," says Dr Barwick Manley, a consultant at \$27. at ERL.

"The caustic soda used in paper production to treat the raw material generates a very alkaline waste. With this process, it can recover it all and recycle it. The result is a clean discharge and savings in both money and energy."

The company's ultimate aim is to recover 9,600 tonnes of sodium hydroxide a year, and to reduce its consumption of fuel oil, and therefore its emission of sulphur and nitrogen oxides, by 6,400 tonnes a year.

Another company, Ruhr Zinc in Germany, has been abla to turn soma of its waste material into a saleable commodity. One of the problems with zinc pro-duction is the large amount of waste material for which land fills have to be found. These wastes contain residual zinc which makes it difficult to get rid of them.

Ruhr Zinc is now looking to use such waste as a colouring medium for roof tiles or as a feedstock to the steel industry.

There is also a number of other smaller-scale projects. Metal surface finishings, for example, is notorious for producing toxic wastes," says Dr Manley.

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"The majority of the schemes do carty a financial risk, but those we have been involved with look very attrac-tive. Certainly in the case of the fullend entry will be the Jutland paper mill, it is recovering a large proportion of its caustic soda feedstock.

"Some of the others are a little more marginal. The Ruhr Zinc case is linked to legislation in Germany wh limit its ability to get rid of the waste. In that sense, it is an indirect benefit - even though the process will cost more, it will make a net saving because its waste disposal cost will be eliminated," concludes Dr Man-





green and pleasant land... who cares?

Control of

Pollution Act.

1974

Our modern society produces increasing quantities of ever more complex wastes, from the innocuous, such as dirty water, to environmentally significant toxic chemicals. Uncontrolled, these materials would destroy our way of life, our environment, and us.

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problema of waste production, can we be sure that there will still be green and pleasant land for our children to enjoy.



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# **Contributing to a cleaner future**

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rain could not be confirmed. Meanwhile, public concern is have been a number of things increasing in the UK. A survey in Britain earlier this year by Harris Research on behalf of the Norwegian and Swedish Governments found that 89 per cent of respondents were concerned about the acid rain effects of British pollution out of the valuable raw materi-within Britain. And 82 per cent als that it puts in as it possibly were equally concerned about its effects on other countries.

ARE YOU confused by energy and environmental terms? Can you tell benzine from benzene? Would you know what a dobson unit is used for and whom, it is named after?

Did yon know that LV stands for limit values. SOTEAG for Shetland Oil Ter-

minal Environmental Advisory Group, BAT for best available technology and BPM for best

possible means? What would

you recognise from this description: "The fluid used in

BRITISH TELECOM has joined

with Essex Police to sponsor a "Square Mile Project."

In the competition, open to yonths aged from 11 to 16,

yonths aged from 11 to 10, teams have to choose a "square mile" in their neighbourhood and help to make that area a better place in which to live.

Ideas from the sponsors

include planting trees in an area of neglect; a litter clearing

campaign and planting a wild-life garden to encourage but-

driving this sort of activity in the US, like the high risk of liability associated with waste disposal. This has shifted the economic balance. "Having said that, industry is always trying to get as much

between that pipe and the hole walls, for filtering and re-use?"

Programme of the Royal Insti-

tute of International Affairs,

terflies, birds and bees.

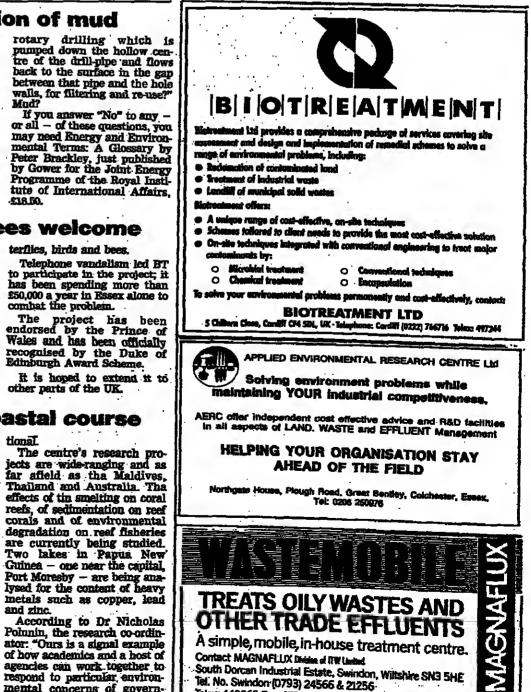
als that it puts in as it possibly can. A great deal of research goes in at that end. It gets very complicated because there has to be a capital investment and John Hunt | running costs."

The economics vary. There According to government figures, we are going to need to spend £40bn on new power sta-tions over the next 20 years in England and Wales alone. If we can reduce that, not only can we save money, but we can also reduce pollution as well.

"The difficulty is that there a myriad number of decisions that have to be taken in all companies, and they are inevi-tably going to be driven by rather shorter term factors. That is the problem with the hidden hand of the mar-

The reality is that, for some companies, the price of staying in business at all will be increasingly dictated by environmental issues.

**Boris Sedacca** 



Telex: 449068 Fax: 0793 619498

ments, industries and science."

to participate in the project; it has been spending more than £50,000 a year in Essex alone to comhat the problem. The project has been endorsed by the Prince of

Telephone vandalism led BT

Wales and has been officially recognised by the Duke of Edinburgh Award Scheme. It is hoped to extend it to other parts of the UK.

The centre's research pro-

A tropical coastal course

\$18.50.

**Birds and bees welcome** 

A definition of mud

THE CENTRE for Tropical This CENTRE for Tropical Coastal Management Studies, established last year at the University of Newcastle-upon-Tyne, has initiated a M.Sc. course in Tropical Coastal tional Management

The first 12 students selected from 200 applicants for the one-year postgraduate course come from Transkei. Tanzania, India, Thailand, Mal-aysia, Singapore, Indonesia and the Philippines. Each student must find

about £10,000 to attend, but much of the funding has come from the British Council Additional support has been given by the World Bank, Unesco, ator: "Ours is a signal example of how academics and a host of the Food and Agriculture Organisation, the Common-wealth Fund for Technical Coagencies can work together to respond to particular environ-mental concerns of governoperation and Tioxide Interna-

jects are wide-ranging and as far afield as tha Maldives, Thailand and Australia. Tha effects of tin smelting on coral reefs. of sedimentation on reef corals and of environmental degradation on reef fisheries are currently being studied. Two lakes in Papua New Guinea - one near the capital, Port Moresby - are being ana-lysed for the content of heavy metals such as copper, lead and zinc. According to Dr Nicholas Polunin, the research co-ordin-

# ENVIRONMENT 9

David Marsh looks at the need for greater international co-ordination

# West Germany tightens guidelines

THE DEATHS of hundreds of seals this summer on the North and Baltic Sea coasts of West Germany, Denmark and the Netherlands have been the latest and most visible sign of the internationalisation of tal issues enviror

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An epidemic hitting the seals and other sea-life, accompanied by large concentrations of what have been dubbed "killer algae" in coastal waters, has been linked to growing pollu-tion of the North See by Indusin West Germany, where the environment is far closer to

the top of the political agenda than in most other countries, the demise of the seeks focused attention again on the need for far greater international co-or-dination of anti-pollution poli-

The drama on the coast may have been less intense than the alarm signals sent around the world by Bhopal, Chernobyl and the Sandoz chemicals file in Basie during the past few

years. But it has underlined again that the cause and effect of environmental mishaps inevi-tably sun across international rs. Prevention and conbord trol of pollution damage is now a centrepiece of international

The North Sea has already been in the public eye follow-ing the conterence in London in November last year in which coastal countries undertook to cut flows into the sea of pollutants by 50 per cent in the period up to 1995.

As a result of the scale! fate: fresh publicity has now been given not only to the 11,000 tonnes of lead, 22,000 tonnes of zinc and 50 tonnes of merciny dumped in the North Sea each year. Organic substances -L5m tonnes of mitrogenous material and 100,000 tonnes of phosphate, from fertilisers, human and animal waste and detergents - also flow into the sea each year, most of it from the Rhine and the Elbe.

Pressure is now growing from the Federal Republic and other states for last year's agreed North Sea pollution reduction deadline to be brought forward.

But as long as the exact causes of the latest North Sea catastrophe remain unclear, the debate is likely to remain emotional and imprecise.

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Mr Klaus Toepfer, the West German Environment Minister, has already been battling hard in the last few months to try to move the EC into accepting German-style guidelines on reduction of norious emissions from cars and industrial plant.

West Germany has been in the yanguard of BC states try-ing to bring in uniform rules for vehicle emissions thought tor venue emissions thought to be major contributors to acid rain, if also wants fedure-ments for power stations and industry plants to peduce sul-plur and nitrogen otide emis-sions to come into force on a coordinated basis throughout the ISC.

Showing the practical diffi-culties of international har-monisation, Mr Toepfar was able to clinch only a half-suc-cess last month when BC environment ministers agreed steps to cut by half by 1993 exhaust fumes from smaller engines of 1.4 litres and car

. The new regulations cover 60 per cent of cars in the EC, but only one third of those in West Gei

mental matters, Mr Toepfer has now been turning his The Federal Republic, like the Netherlands, Denmark and Greece, wanted lower exhaust attention eastwards. He has just come back from a trip to East Germany this month in which East Berlin was encourlevels than those which were agreed. But Bonn accepted the agreed compromise on the aged with promises of technogrounds that even a sec-ond-best accord on car pollu-tion was better than none at logical co-operation and hard cash to reduce pollutants from power stations and industry On this summer's North Sea into the air and rivers.

poliution, Mr Togofar believes that this is more important As West Germany tightens up its own environmental guidelines, the bid to win interthan the other incident which has hogged West German national harmonisation is likely to become more important. In a European Commu-A second-best accord nity aiming to gromote free movements of goods and cani-tal, the Federal Republic knows that it is likely to lose out in jobs and investment if environmental attention this year - unauthorised nuclear

industries shift operations to areas with less restrictive envi-ronmental regulations. waste transport centring on the Hanan-based TransnyElear the Hanau-based Transunklear company. This is in view of the multiplicity of causes of sea West Germany's sensitivity polintion, Mr Toepfer says, which add up to a far more complex political and techno-logical challenge. One of tha challenges over the ecology has already been blamed for part of the large foreign investment drive by important parts of the com-try's industry - above all the chemicals sector - in recent

involves Eastern Europe. Fresh from his attempts to drive on the EC in environyears. Especially in view of the

EC's plans to complete an inte-grated internal market by end-1992, the competitive disadvan-tages which could accrue from rigorous West German policies on air and water pollution have become a subject of political debate.

On the other hand, the fillip to jobs and industrial strength from improving the environ-ment should not be underestimated.

A total of 400,000 jobs in West Germany are now in sec-tors directly or indirectly connected with environmental protection. The industry's turnover in this area is estimated at DM 20bn a year.

The Bonn government -and many industrialists believa that West Germany could lose out in the short run over its strict environmental approach. But by the end of the century, assuming that international harmonisation by then is a reality, the Federal Republic could reap great benefits by being already well shead of its competitors in the environmental protection

KLAUS TOEPFER is the man in the West German government faced with the strenuous task of marrying Oekologie

ister since May 1987, he has the difficult joh of steering a mid-dle line between the ecological sensitivities of his countrymen and the strong vested interests of West German industry - as well as the requirements posed

by international co-operation. Mr Toepfer has just had a first-hand opportunity of see-ing the benefits and the limits of efforts to harmonise the EC approach on the environment. He has been in the chair of the EC's Environment Ministers' Council during Bonn's six-month stint as Community president in the first half of the year. The balance seems to have been one of modest suc-

cess for West German drive to inspire other west European countries with environment-

A university professor born in Silesia (now part of Poland), Mr Toepfer took over when his predecessor, Mr Walter Wall-mann, left to become Prime

Minister of the state of Hess Like Mr Wallmann, Mr Toepfer, a technocratic Christian Democrat with a liking for with Oekonomie. As Bonn's Environment Min-

beer, has seldom been out of the headlines. But, unlike his predecessor, Mr Toepler, previously Environment Minister in the state of Rhineland Palatinate, brought to the Bonn Min-istry practical and academic

## The Kalkar imbrogilo

**KLAUS TOEPFER** 

Publicity pays off

experience in environmental

matters. The Ministar is often accused by ecologists of lack-ing the political clout to make an impact on the cabinet. But his organisational talents and professional grasp of the subject matter have stood him in good stead over the last turbnlent year.

Mr Toenfer, who will be 50 at the end of this month, earned the nickname "Katastrophen-Klaus" during his period of office in the Rhineland Palatinate. This reflected his practice of demonstrating ministerial al by paying lightning visits, with a TV camera team in tow, to ecological damage spots dead fish to forests suffering from acid rain.

The Minister admits he faces. criticism for turning such trips into publicity stunts. But he also says that people would be complaining if he did not take the chance to see such damage for himself. Mr Toepfer has hean much photographed lately with dead baby seals on the north German coast following this summer's outbreak of "killer algae" in the North Sea.

This has been the latest in a series of mishaps keeping the environment a burning domestic issue. Mr Wallmann was brought into the government to calm West Germans' fears after the Chernobyl nuclear disaster, and had to face a barrage of controversy over the effects of the Sandoz chemicals fire in Basle in November 1986. Mr Toepfer has had to cope on the other hand with the

fall-out of the Transnuklear nuclear scandal at the begin-ning of the year, centring on unauthorised transfers of radioactive nuclear waste. He has played a big part in push-ing through government directives to force industry to lower use of chloro-fluorocarbons blamed for thinning the earth's protective ozone layer. The Minister has been at log-

IX

rheads with the tobacco industry over the health effects of smoking. He has grappled with soft drinks manufacturers and supermarket chains over plastic throwaway bottles. And he has found himself

pitted against Mr Ignaz Kiechle, the Bavarian Agricul-ture Minister, over the issue of farmers - one of the factors behind pollution in the River Elbe and the seals' demise in

Mr Toepfer's latest battle is over the virtually completed West German fast breeder reactor prototype at Kalkar on the Lower Rhine.

The Minister is no unrestrained supporter of nuclear energy. Like many German politicians on both right and left, he believes in working towards an ideal future where renewahla energy resources would obviate the need for nuclear power.

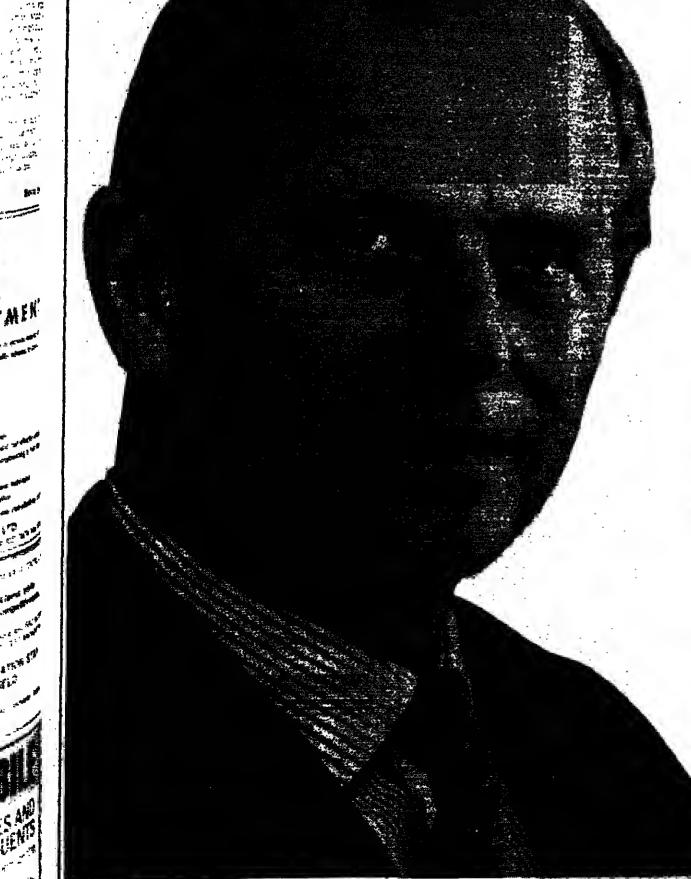
None the less, as the minis ter in charge of nuclear safety, Mr Toepfer is in the throes of legalistic jousting with the state government of North Rhine Westphalia over forcing the state to complete the nuclear authorisation procedure for the Kalkar plant.

The Kalkar imbroglio is just one of the themes which will keep Mr Toepfer in the public eye. He faces a further test if he is put forward, as seems possible, by the Christian Dem-ocrats to fight the 1990 state elections for the right in the state of the Saarland, at present run by the Social Demo-

cratic Party. If he runs in the Saar, heavily sensitised to environ-mental issues (above all over sensitised to environthe nearby French nuclear power complex at Cattenom) Mr Toepfer's ministerial profile will bring him advantages as well as drawbacks. In the heated West German ecological debate, he stands frequently accused of offering no more than prophylactic remedles. But, especially on the issues of international co-operation over nnclear safety or the North Sea, no one knows better than Mr Toepfer that the environment provides more problems than solutions.

**David Marsh** 





# "Look after this planet, it's the only one we have."

#### A personal message from HRH The Duke of Edinburgh, WWF International President.

Acid rain. The pollution of soils, lakes and givers. The imminent extinction of species. The destruction of tropical forests. All these have been headline news for many years.

But they're only the tip of an iceberg. Put them all together and add in the stories which never make the news, and you begin to see the hammering the world is taking from its huge and ever-growing human population.

This hammering is cumulative. Every new case is added to the damage that has already been done, so that we are constantly accelerating the process of destruction.

#### Our life-support system

All life on earth is inter-connected, dependent upon the physical processes taking place in the atmosphere and the oceans.

This natural system is our life-support system, and if we damage any part of it we are putting our own survival at risk.

Conservation, money and people The purpose of WWF, and all the other nature conservation bodies, is to limit any further serious damage and to restore the balance between man and his natural environment.

This takes money, but money alone is not enough. We also need people.

We need people to make a personal contribution. by taking a responsible attitude towards nature in their daily lives.

We need people in positions of political power to take into account the needs of nature in their decisions.

We need people in international aid agencies to ensure that development plans respect nature.

We need people in industry to manage their businesses without damaging the environment.

We need people who communicate and who help to form opinions, to pay more attention to the conservation of nature.

And we need leaders of religious groups to emphasise the moral imperative of treating nature with respect.

Please take an interest in the health of our planet, it is the only one we have.



Write for further information to: World Wide Fund for Nature UK, Panda House, Weyside Park, Godalming, Surrey GU7 1XR.

WWF United Kingdom

are another important source of air pollution. UK companies

involved in work on such burners include International

Combustion, a subsidiary of

Other areas of business

other areas of pushess involved in pollution control are interacting increasingly with the car industry. As a result of new and stiffer laws over air pollution, car compa-nics on estimation to compa-

nies are attempting to reduce the levels of harmful gases

such as nitrogen oxides emit-ted through exhausts, using

such means as electronic igni-

tion systems and catalytic con-

It is estimated that the West

Northern Industries (NEI).

verters.

Engineering

## **ENVIRONMENT 10**

Peter Marsh looks at how companies are helping to control pollution

# Waste disposal can be big business

refuse from residences and fac-tories where the waste may slowly be decomposing to produce methane, a gas which under some circumstances can explode

determining the sites of these dumps - many of which have been built up over the past two centuries and which may not be hidden under building developments - and then finding out which ones are potentially dangerous. Oceanfix is working with Ersac on methods using infra-

red monitoring sensors to spot heat emerging from such dumps that may indicate emis-sion of methane. If the work, which uses ground-based sensing equipment, is successful, then Dr Colin Stove, Ersac's technical director, believes it may be possible to mount versions of the sensors on space satellites to scan large areas quickly and effectively. Dr Tony Ellis, a scientist at Birmingham-based Clayton Bostock Hill & Rigby, a consul-

tancy specialising in environmental matters, says the man-

agement and treatment of waste-disposal sites is likely to be a large area of opportunity for companies interested in applying technology to pollu-

tion problems. Getting rid of hazardous or simply unpleasant rubbish from such sites can be achieved in a variety of ways. These encompass digging up the refuse and transporting it elsewhere (which is at best a temporary solution); enclosing the rubbish in situ with concrete or plastic; or neutralising it in other ways such as by

treating it with certain kinds of bacteria or heating it with high-energy, infra-red radia-

Among the companies in the UK which are trying to sell bio-logical methods of dealing with waste sites are Biotreatment of Cardiff and Slough-based Lend Restoration Systems. The biological products division of Imperial Chemical Industries is also exploring this approach. Many of the companies sell-ing anti-pollution hardware are linked to the chemicals indus-

try, which is itself a big cus tomer of environmental control Western Europe's chemical

companies spend some \$4bn a year on environmental control measures, many of these linked with the need to reduce pollution from emissions into the air and rivers as well as

with the requirement to deal adequately with solid waste. Many chemical companies have been in the forefront of new methods of incineration. Areae investigated have included ideas to reduce the volume of colid waste that these concerns dispose of and also to minimise the norlous fumes emitted during the incineration process.

BASF, tha big German chemicals company, has joined forces with Bilfinger and Ber-ger, a German civil engineer-ing business, to develop a new method of disposing of solid wastes that should keep to the minimum the problems of dangerous chemicals leaking into soil through rainwater.

The system is based on filling up gradually a dump lined with a multi-tler arrangement of plastic sheeting, with water and liquid chemicals being drained away for collection by a series of pipes. Concentra-tions of hazardous substances huilding up in the dump are

monitored, using electronic

Sensors. The alectricity generation industry is another big user of pollution control systems. This aspect of environmental pro-tection has been in the head-lines recently as a result of a Ruroneen. Community accord

European Community accord

of subplur dioxide emitted by power stations, a measure aimed to cut acid rain pollu-

Under the plan, agreed in June, emissions of aulphur

dioxida from power atations

and other heavy industrial plant will be out by 60 per cent from 1980 levels in three stages

signed to reduce the amount

Generating Board has already announced a fibm programme to fit equipment - known as scrubbers - to power stations, so as to remove sulphur diox-ide from flue gases. It is likely to have to spend more as a result of the new rules on emis Companies most likely to benefit from the stiffer subhur dioxide regulations include

between this year and 2003. Britain's Central Electricity

Greater emphasis on monitoring pollution should lead to more business for laboratories and manufacturers of analysis equipment

European car industry will need to spend as much as 57m over the next few years on tooling up for fitting anti-pollutooling up for fitting anti-polli-tion equipment, together with associated research. The greater public emphasis on monitoring pollution should also lead to booming business over the next few years for contract laboratories and manufacturers of analysis excloment such as spectrommakers of scrubber equipment

- which spray powdered lime-stone into the emitted gases, in the process turning sulphate dioxide into calcium sulphate equipment such as spectrom-eters and gas-chromatographs. For all the growing interest in the pollution control indus-- such as Mitsubishi of Japan, General Electric of the US, West Germany's Lurgi, Flakt of Sweden and Britain's Davy try, come commentators-believe that more could be done to lend focus to the business and make it a more pow-Corporation. A related area is the fitting of special burners to industrial erful force.

Mr Marek Meyer, editor of Environmental Data Services, boilers and power stations which reduce the amount of a specialist journal, says that, especially in Britain, the indusmitrogen oxides formed in combustion processes required to heat up water and form especially in Britain, the indus-try has not organised itself suf-ficiently well to turn itself into a strong lobby for pushing for initiatives in environmental steam. Nitrogen oxides which form in this way and make their way into the atmosphere policy.

 $(1, 1)_{i \in \mathbb{N}}$ 

1



Smoke control legislation has done much to transform Britain's inner nd World War (above) has in recent years enjoyed some of the cleanest air of Europe's big cities



**Dividends from planet protection** 

"MANY INVESTORS are to the long-term protection and ceusing, albeit unwillingly, wise use of the natural enviserious damage to our planet by investing in companies that are harming the environment." From a unit trust manage ment, that is fighting talk. But in some respects, Merlin Ecol-ogy Fund is a strange bird. Set up in April, it invests world-wide "in companies that are either directly engaged in pol-lution control or which demonstrate a positive commitment

## Slurry used to produce animal feed

**COMPROSTEIN** has developed a technology to produce high nitrogen content compost and yeast-based animal feed from pig, poultry and/or human slurry, thereby eliminating the pollution associated with the disposal of such waste com-

pletely. The company enters into 50.50 joint ventures throughout the world on the basis that it romment."

The managers, who also took over the long-established Mer-in International Growth Fund last July, argue that such companies will play an increas-ingly important part in indus-try, while they will prove to be

ogy Fund's advisory committee are John Elkington, co-author

Britain

rewarding investments. The members of Merlin Ecol-

of The Green Capitalists; Rohin Grove-White, former Director of the Council for the Protec-

tion of Rural England and Nigel Haigh, author of EEC Environmental Policy in

And if that were not green enough, not less than 10 per cent of the initial fees will -

the fund managers on social and environmental criteria. However, "no investment will be made unless the manag-ers are convinced that it has prospects for capital apprecia-tion and/or a capacity to pay a secure dividend," the fund

managers say. Since the units were issued at 50p, the offer price has risen to 53.51p (July 13) while the fund has grown to approxiafter recompenent of launch expenses - be devoted to funding a research unit to advise mately £1.65m.



EQUIPMENT FOR controlling pollution adds up to a growth industry throughout much of the developed world. But it is a business extremely difficult to define and one where relatively lew companies have achieved the necessary economies of scale to turn themselves into major commercial players.

X

A typical example of a small company trying to lever its way into the environmentalcontrol business is Oceanfix, based near Aberdeen. It is working with Ersac, which is in Livingston, near Edinburgh. on the sensor techniques needed to monitor waste sumps to apot whether they are producing potentially harmful methane gas. It is believed that Britain

alone contains perhaps 10,000 dumps filled with standard

A big problem is in first

# **"TO SUSTAIN** INDUSTRIAL DEVELOPMENT ... WE HAVE TO RADICALLY **CHANGE ITS QUALI**

(The Brundtland Report, World Commission on Environment and Development, April 1987).

There is now an early warning system to alert manufacturers to any potential environmental hazard.

It is called Friends of the Earth.

Our information database exists to encourage industry and business to come to terms with today's rapidly changing environment.

It is our business to promote genuinely sustainable development.

Can you afford to be without the latest information? How much will it cost you not to be a friend of the Earth?

Return the coupon today.

# **NO FOE...NO FOREWARNING**

ion about Friends of the Earth and datalis about your information resources in the following grass:

Electricity privatisation 🖸 Nuclear power 🗅 Bacteer wasta 🗋 Reservable energy 🖬 Acid rain 🗅 The excess layer 🖬 The greetheses effect 🖯 Water pollution 🛙 Water privatization 🗆 Pesticides 💭 Public transport 🗇 Reads and the environment 🗔 Recycling 🗆 Tropical relatorests 💭 Sent to: Jourthea Ponitit, Friends of the Earth, 28/28 Underwood Street, Louises, R1 738.

FRIENDS OF THE EARTH

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the local partner puts up the financial and management resolutces Racently, tha company began construction of a plan

in Italy, in partnership with Mignini, a local pig feed pro-ducer, to produce animal feed and compost from pig slurry. In the UK, Comprostein, which is based at Caine, Wilts, disposes of pig alarry, which is separated into liquids and sol-ids. After chemical treatment the finid is used as a feedstock for growing a type of yeast that is high in quality protein. It is then harvested, blended with Comprostein says no harm-ful bacterium or virus in the shurry can survive its process glucose and starch to produce a pig Creep feed which is sold to pig farmers at a competitive

and consequently no disease can be carried over either in TRIC the compost or in the animal feeds. And its animal feed The solids are used as a feedstock by a strain of earthworm, products have been tested for-safety, while five consecutive which converts them to compost. When the solids are hargenerations of rats have tested its yeast - two more than required by EC regulations -without any II-effects. vested, the worms are sepa-rated out and graded. The compost can then be sold as en organic fertiliser.

## **Keeping up pressure**

Continued from Page 1 given high priority in responses to the Mori survey. On the economic front the issues. Not surprisingly, it dis-covered that immediate worcovered that immediate wor-ries over unemployment, infia-tion and law and order took 22 situation. In times of reces-precedence. But levels of con-cern rose dramatically when people were asked questions linking environmantal prob-lems to their daily lives. Some 49 per cent believed there was a risk of using un Items to their daily lives. Some 49 per cent believed there was a risk of using up the world's resources and 58 per cent said they would sup-port an increase of a penny in the pound on income tax to pay for effective measures to the manual super cent said they would sup-port an increase of a penny in the pound on income tax to pay for effective measures to the manual super cent said they would sup-port an increase of a penny in the pound on income tax to paint out that there are mas-per cent said they would sup-the pound on income tax to paint out that there are mas-per tax in pushing nature reduce the waste of resources. Nevertheless, the report on the UK response to the declara-tion on World Conservation beyond sustainable natural yields and then relying on man-made technology to redress the balance. Strategy could still say: "The An accountant, for example, gravity of this crisis is height- would probably value a forest ened by the fact that so many as marketable timber. But how people remain unsware of it. do you value its worth in stabido you value its worth in stabi-lising the soft that would other-It pointed out that in addition to the global ecceystem wise become a dust bowl, or its humanity had now created a role as a natural habitat for separate autonomous and arti- animal life or in maintaining separate autonomous and arti-ficial system - the technosthe balance of the global atmophere. Over recent decades the sphere demands of the technosphere So despite official optimism on resources have risen to a at government level, the conlevel which could not be long servationists are not reassured. sustained without exhausting As Mr Peter Taylor, an envivital supplies and inflicting rommental consultant to Green-irreversible damage on the peace, put it in a recent report: planet. "What should have been a irreversible damage on the planet, The report highlights the decade of continuing environconflict between people's mental improvement has been expectation of continual eco- a decade of near catestrophe in nomic growth and the need to terms of terrestrial and atmopreserve a liveable environ- spheric pollution, and may ment. It was significant that well yet turn out to be just economic growth was still that." ment. It was significant that

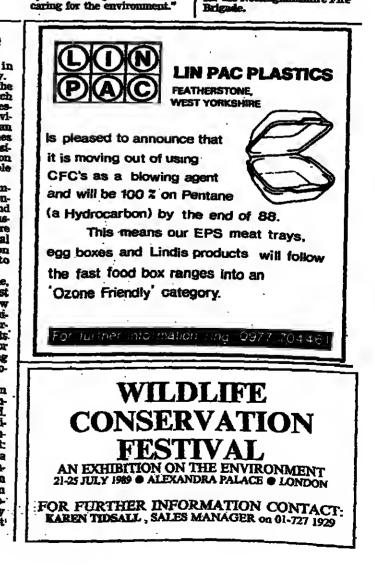


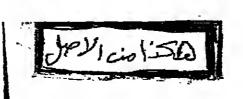
## Rightfooted at last

17

SAFETY training is given high priority at all 16 branches of Ellis and Everard Chemicals, which claims to be Britain's largest chemicals distributor. In a recent exercise (above). a simulated road transport accident involving chemical

SOME TIME after phasing out CFC propellants from its aerocargo was mounted at the local depot to provide specialist training facilities range, Dasco has labelled its shoe care cans with a blue symbol stating: "No CFCs for the Nottinghamshire Fire Brigade.





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# **FINANCIAL TIMES COMPANIES & MARKETS**

Tuesday July 19 1988

#### INSIDE

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## Siemens signals car electronics expansion



Karlheinz Kaske, chair-man of Slemens, has led the West German group's expansion into the fast-growing car electronics market with the purchase of a major-ity stake in Bendix Electronics of Detroit. Siemens has paid Aliled Signal, of the US, between \$200m and \$300m for the holding, a

move which virtually doubles the size of its business in the automotive sector, Page 21

#### Young Turks in hot pursuit

The youthful management of Konutbank, formed through the merger of two Turkish state banks earlier this year, has taken an aggres-sive stance on bad debt. It is now in hot pursuit of a Turkish businessman for allegedly making off with \$80m in loans and has taken out extra-dition proceedings in Switzerland against him. Page 24

#### Bankers at loggerheads over North Korea's debt



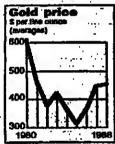
realistic compromise? A plan to reschedule much of North Korea's \$900m of outstanding loans has divided the Western banking community. Critics say it will reward a

A repugnant and dan-

gerous precedent or a

troublesome debtor for long-standing delin-quency. Stephen Fidler explains why emotions are running so high. Page 23

#### SA gold shares lose their lustre



A threat of further US disinvestment from South African gold shares is making them less attractive to other international investors Some analysts talk of "crises" and "fire sales and, in the longer term, a fundamental restructuring of the gold mining industry as costs escalate. Page 22

## Hawke moves to helt Australian

**Coal disruption** Australia's coal alport industry is being severely disrupted by a series of miners strikes over working hours. Coal alports are low and companies have had to declare force maleure on deliveries. Jomourow Mr. Bob majoure on deliveries. ( omorrow Mr Bob. Hawke, the Prime Minister, will try to unacramble the mess. Page 25.

# Schindler buys elevator side of Westinghouse

By Nick Garnett in London and William Duillorce in Geneva.

SCHINDLER, the world's second largest elevator maker has agreed to purchase the lift manu-facturing interests of Westingh-ouse Electric of the US in the most significant of restructuring in the elevator industry for many

years. The Swiss company has signed a letter of intent to buy for an undisclosed sum all the elevator and escalator production facili-ties of Westinghouse, the diversi-fied group which claims to be the number three lift supplier in the North American market.

Westinghouse, which claims total sales of elevators and esca-lators of \$500m, has plants in Pennsylvania, New Jersey and Canada employing 5,500. It sold off its production facilities outside North America many years

The deal will bring Schindler close behind Otis of the US in terms of world sales and well ahead of Kone of Finland and the two Japanese companies, Mitsubishi and Hitachi.

The purchase of the Westingh-ouse elevator interests, which

Schindler expects to complete in August, further consolidates con-trol of the industry in the hands

to of the industry in the hands of fewer companies. It also represents another step in the fundamental restructuring that is changing the shape of Westinghouse. A few months ago, the US company announced that it was putting its US power engi-neering interests into two joint ventures with Asea. Brown Boyeri ventures with Asea-Brown Boveri of Switzerland.

Schindler said yesterday that the purchase would diminish its dependence on Europe and give it a solid hridgehead in Otis's domestic market.

Last year Schindler generated only 15 per cent of its SFr LSbn(\$116bn) consolidated turn-over in the Americas with about half of this coming from the US. A few years ago it bought Haugh-ton, a small US elevator maker.

its purchase of the Westingh-ouse interests will still leave it behind Otis which last year had sales of \$2.5bn in elevators and escalators. Mr Alfred Schindler, chief exec-utive of the Swiss company, has

said he is seeking a hig acquisi-tion that will diversify the com-pany's businesses. Schindler said yesterday that this was not the Westinghouse purchase. Westinghouse said it would use the proceeds of the sale for future investment in high growth husi-nesses, continued restructuring or for a stock repurchase pro-gramme. gramme.

It was considering further acquisitions related to its high growth husinesses which Wes-tinghouse listed as broadcasting, financial and environmental services, communications and elec-tronic systems.

The slow process of restructuring the elevator industry has involved the purchase of Euro-pean companies hy other Euro-pean suppliers, the acquisition of European production sites by the two biggest US companies - Otis and Dover - and, more recently the move of the Europeans into North American manufacturing. Last year Schindler added to

the complexity of rationalisations hy acquiring Nippon Elevator, Japan's eighth largest lift maker. Boom in UK sales, Page 5

**RHM** sacks Midland in retaliation for backing Goodman

#### By Nikki Talt

RANKS Hovis McDongall, the British foods group which is expected to be the subject of a £1.5bn hostile hld this week from Sydney-based Goodman Fielder Wattie, is severing all banking links with Midland Bank.

The move, announced yester-day, follows the involvement of the bank's Samuel Montagu corporate finance subsidiary in the proposed bid by Goodman, which has extensive food interests in Australia and New Zealand.

RHM said its decision had been made "in the light of the involvement of Samuel Montaga...in putting together a pro-posed banking syndicate, to be led hy Midland Bank, to provide a highly-leveraged funding pack-age for Goodman Fielder Wat-tie."

The company said it was par-ticularly aggrieved because it received verbal assurances from Midland on March 29 that the bank would not participate in any hostile action by the Goodman camp.

RHM declined to discuss its banking relationship with Mid-land in detail. It said its lead bank was Barclays, followed by National Westminster. After that, the other two clearers had ronghly equal weighting. In May, Midland featured – along with the other three clearers – as a senior lead manager on a £250m multi-option facility (a flexible funding arrangement) for RHM.

Last week, Midland also emerged as part of a four-dealer group on a £150m commercial paper programme for RHM.

Hostile leveraged bids - bids financed by bank borrowings -for UK companies are relatively infrequent and the prospect of such retallatory action has sometimes been cited as a reason for the reluctance of UK clearing banks to get involved.

"The principle is that the banks are either on your side or they are not," Mr Bob Rogerson,

# Wereldhave bids for Peachey By Nikki Tait

19

The Canning Group operates in 60 countries setting surface finishing and water treatment

chemicals, adhesives, sealants and seals, pracious metals, electronic components and a range of medical services.

W. Canning pic, St. Paul's Square, Birmingham 83 109.

anging a loan facility of around £140m. It would not elaborate on

the financing arrangements. Wereldhave maintains that

Peachey fits its intention of

expanding further into retail property and increasing its pres-ence in the UK. The Dutch group, the investment portfolio of which is worth around £450m, had

around 54 per cent of its holding outside the Netherlands at end-

1987, and 83 per cent in offices. The UK accounted for only 2 per

Wereldhave said yesterday thet the offer price represents a 45 per, cent premium over Peachey's last published net asset value. This

was at June 1987, when net assets

stood at 421p, adjusted for the subsequent rights issue. However, in the light of the strong property market, analysts'

forecasts for current net asset value have ranged between 600p

and 620p. In the year to end-June 1987, Peachey made pre-tax prof-its of £11.65m, and reported a

sharp increase to £7.87m (£4.37m) in the first half of 1987/8. At end-

cent.

A £265M BID hattle hroke out yesterday between Peachey Prop-erty Corporation, the UK prop-erty company and owner of Car-nahy Street, London, and Wereldhave, the second largest

Dutch property group. Wereldhave announced last week that it had picked up a 10.4 per cent stake in Peachey and had approached the company with a view to a recommended offer. Yesterday, it said that dis-cussions continued until the end of last week, but that it had felt

agreement was unlikely. "We couldn't find agreed prin-ciples on pricing," said the Dutch

group. Peachey's managing director, Peachey's managing director, Mr John Brown, confirmed that the failure to reach a recom-mended deal centred on price, adding that the groups had remained "a long way apart." The Wereldhave hid offers

shareholders 612p in cash for each Peachey share. There is also a partial loan note alternative. Peachey shares closed last night

The Datch company will over half its portfolio and almost finance just under half the hid 85 per cent of its properties were consideration from existing in London or the South-East. resources, but said it is also arr-

**Porsche to close** domestic dealers

#### By Our Financial Staff

PORSCHE, the West German sports car group, plans to shed more than half of its 207 domestic dealers in the next five years and break with the Volkswagen/Andi dealership network, the company said

yesterday. It confirmed a report in a West German motor magazine about the cuts, but declined to give more details before a news conference on July 26.

At present, 80 to 90 per cent of Porsche's dealers also sell VW and Audi cars. Fewer than half its outlets operate on a large-scale direct basis – most are subordingte dealers are subordinate dealers.

The magazine Anto Motor und Sport quoted Porsche's domestic sales chief as saying the company was thinking of (\$2.42hn) in the first six months of 1988 compared with the same period in 1987, Mr Walter Deuss, management board chairman.

He told the annual share-holders' meeting that Karstadt was profiting from a favourahle consumer climate. Stores not undergoing modernisation reported higher turnover rises of 4.7 per cent in the first half

of 1988. Sales from Karstadt's mail order subsidiary Neckermann' Versand rose 9.4 per cent to, DM873m in the six-month period. Karstadt's holiday travel unit NUR Touristic took just under 1.09m bookings from, November 1 1987 to June 3'J 1988, up 13.5 per cent, Mr. Deuss said. The bookings we're



#### Ploughshares and golf clubs

It is now time to beat ploughshares into golf clubs, according to Sir Geoffrey Howe, UK For-eign Secretary, as a way to cure the ills of sub-sidised farming. Farm diversification continues to attract publicity in Britain and continental Evence but the landscape is litterart with failed Europe, but the landscape is littered with failed attempts to boost farming incomes, argues David Richardson. Page 28 · · · : · · ·

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# dreams are made of

James Buchan in New York looks at the enigmatic Kirk Kerkorian in the wake of his latest MGM deal

There is a seamless quality to the Kerkorlan story, wrote Fortune magazine lovember, 1969. "As a young-he hought and sold used In November, 1969. "As a young-ster, he hought and sold used cars; after the war, he bought and sold airplanes; in middle age he buys and sells companies," it Once, in 1977, he stranded him-

once, m.1977, he stranded hund-self at Madrid airport by selling his private jet to Mr Adnan. Khashoggi on the tarmac. And by shuffling the assets of public companies where he holds a majority, he has built a fortune of about \$500m. Mr Kerkorian was born in Freene California in 1917 the Now in old age, he buys and On July 11, Mr Kirk Kerkorian

announced he was selling 25 per cent of what remains of the Met-Fresno, California in 1917, the son of an Armenian fruit-seller. The family was desperately poor ro-Goldwyn-Mayer studio for \$100m to two well-known Holly-wood producers, Mr Jon Peters and moved constantly. and Mr Peter Guber, and a Beverly Hills entrepreneur, Mr Burt

Mr Peters, speaking in England last week, was jubilant that real film-makers were back running He stranded the dream factory that Louis B. Mayer built. But a lot of people on Wall Street and in Hollywood himself in Madrid by selling his jet are aceptical. to Adnan Khashoggi

sells dreams.

Sugarman.

In the 19 years since Mr Kerkorian bought control of MGM, it has gone from film-making to Nevada gambling to film-making on the tarmac : again, been merged, demerged, offered for sale in whole or in part, broken up again. Stripped of its studio lot and its famous library of classic films, such as Gone with the Wind and Casablanca, MGM is now a loss-mak-ing television and movie produc-tion company, the best asset of which is a half-share of a film Variety, the bible of the movie

variety, the block of the movie industry, commented last week: "Back in 1969, MGM was still a grand place, albeit a bit shy of its zenith. Today, you have to shuf-fie through piles of paper to fig-ure out exactly what the new consortion purchased " tiom ourchased."

Mr Kerkorian is an enigmatic man. Half-educated, the son of immigrants, he is shy socially and has not turned up for an MGM annual meeting for years. As a manager, he has not been greatly successful His MGM/UA ommunications, which includes the United Artists studio as well, is losing money at a time of record box-office earnings from feature films.

Associates report that he will often sit through a board meeting without saying a word. "Tve never cared for day-to-day operations," he once said. But at 71, Mr Kerkorian is one

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 $\begin{array}{r} 380 - 10\\ 329 - 14\\ 323 - 13\\ 235 - 10\\ 227 - 5\\ 234 - 15\\ 225 - 10\end{array}$ 

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225 + 7 256 + 8

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497 + 7

of America's great entrepreneurs. the survivor of an heroic age of West Coast wheeling and dealing. With his squashed boxer'a nose Mr Kerkorian tends to look, beyond earnings to the assets behind them. After gaining con-trol for \$84m, he sold off much of MGM, including such memora-bilia as Judy Garland's slippers from the Wizard of Oz, cut the film schedule to one or two mov ies a year and used the famous roaring lion to attract gamblers to a vast casino in Las Vegas, the MGM Grand.

In the early 1980s, he saw a new lease of life for feature films, from video and pay television. He bought the United Artists studio for \$380m, merged it with MGM and eventually sold the casino business, for \$287m

But success in film-making eluded him. When the brilliant, hnt erratic, Mr Ted Turner appeared in Hollywood looking for programmes for his cable sta-tion, Kerkorian sold him the husiness for \$1.48bn and then bought back most of the assets, except the great film library. It was a deal that was so expensive for Mr Turner that it has crippled his company with

he put MGM/UA up for sale, in

whole or in part. When the dust settles from last

week's transaction, Mr Kerkorian will own 82 per cent of a free-standing United Artists, with its bank debt paid off. The company still holds rights to about 1,000 films, including the Rocky and

James Bond series, and will either be releveraged or partly sold off, according to Mr Jeffrey Logsdon, a highly-regarded Los

MGM, on the other hand, has no film library and although its films Willow (\$46m gross) and Moonstruck (\$79m) have been

hits, it is regarded as the weaker

There are shades of the Turner

"Surely the new MGM partners

are not shopping for barrels yet," Variety said cattly last week. "But, looking at the deal from the outside, it might behove them to

start sizing their staves, just in

Angeles analyst.

deal.

CRSR

has crippled his company with debt. In the words of an aston-ished Wall Street analyst, Mr Turner "went to Hollywood fully-clothed, and left in a barrel." Since the Turner deal, MGM/ UA has had to hegin from scratch. Though it has begun to turn out hits, the huge cost of gearing up to full production, as well as \$100m in losses, has evi-dently used up Mr Kerkorian's short patience. Earlier this year, he put MGM/UA up for sale, in The young Kirk was a fighter and truant and he ended up in reform school. During the Depression, he started his first business, buying beaten-up old cars, repairing them and selling them to neigh-bours DOURS His big break in life coincided

with his great passion in life, which is flying. In 1941, he gained a pilot's licence and spent the rest of the war ferrying aircraft across the Atlantic for the Royal Air Force.

For this, he was paid \$1,000 a month and he saved \$12,000 to go into an even more dangerous business after the war: flying back war-surplus DC3s from the Pacific theatre, sprucing them up and selling them.

He also flew honeymooners to Las Vegas, his second great pas-sion. In 1948, he incorporated the abdine as the Los Angeles Air Service, and with the help of Mr A.W. "Tom" Clansen, a banker who went on to head Bank of America, be built if up to be a successful independent cartier. But he remained a trader at

heart. He sold the business in 1962, bought it hack in 1964, floated it in 1965 and finally sold it in 1968 for a total gain of

When he turned his attention to MGM, the studio was losing money - \$35.4m that year - and expenses were out of control. But "This is a bit of a warning light to all British companies."

American banks - which have featured more prominently in hostile leveraged offers in the past - have already encountered similar retailatory action. Kar-lier this year, UK grocery group Dee Corporation sacked Citicorp when the US bank led the banking syndicate which provided Dee's predator, Barker & Dob-son, with a £1.6hn loan facility. Midland swap deal nearing com-pletion, Page 26; Lex, Page 19.

and the second

using autonomous outlets with "suitable ambience," capable of selling at least 60 cars a year.

The magazine also said Porsche's home state of Baden-Wuerttemberg had refused to pay subsidies to help the car company ont of its current dif-ficulties. However, yesterday Porsche said the company had never asked for subsidies. Karstadt, West Germany's largest department store chain, saw parent company turnover rise 3.5 per cent to DM456bn

worth DM1.44bn, 12.2 per cent more than in the same period last year. Mr Deuss said it was too

soon to make forecasts for the whole of 1988 on the basis of the first-half figures. But he added that increasing delays at West German airports; were hurting Karstadt's tourism husiness. Another more general danger was a government decision to raise consumer. taxes, which would lead to higher prices.

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# INTERNATIONAL COMPANIES AND FINANCE GM plans sharply higher

MR ROBERT STEMPEL, LA

MR ROBERT STEATED, president of General Motors, the world's largest automotive concern, said yesterday that the company was planning to devote a much bigger share of its capital spending to new

product programmes. This follows the virtual com-

pletion of the most "massive rebuilding programme ever undertaken by a manufactur-

By the end of this year GM would have brought into opera-tion eight new and 19 refur-hished assembly plants, Mr Stempel told the Automotive

News World Congress. He said that GM's building

# Apple's strong growth

continues By Our New York Staff APPLE, the Californian-based

APPLE, the Calibratian-based personal computer manufac-turer, continued to enjoy strong growth in revenues and profits in the latest quarter. Its new range of models made further headway in the market for business comput-ers, as well keeping its strong position in sales to schools and homes homes.

Apple's net income was \$91.3m or 71 cents a share in the three months ended July 1, the third quarter of its fiscal year. This was 71 per cent showe the \$53.5m or 40 cents

reported a year ago. Sales jumped by 56 per cent to \$993m, marking the fourth consecutive quarter of revenue growth in excess of 50 per cent. During the past nine months, Apple's sales have increased by 55 per cent to \$2.9hn and earnings per share jumped by 102 per cent to \$2.24.

The key to Apple's recent rapid growth has been the suc-case of its Macintonh II in winning acceptance in the small business computer market which had been the almost which had over the almost exclusive preserve of Interna-tional Business Machines and compatible models made by manufacturers like Compag, Tandy and Far Eastern compa-

"We continue to make good progress in business markets with our Macintosh personal computers. Demand for Macincomputers. Densind for Machi-tosh II grew significantly dur-ing the quarter," Mr Delbert Yocam, Apple's chief operating officer said. "We are also experiencing strong momen-tum in our Apple II geoducts during this year's education buying mesons "

Mr Yocam noted that Apple's gross margin during the quarter was 51.5 per cent, virtually unchanged from the 52 per cent reported in the previous quarter despite signifcant price rises in semiconduc-tors, the computers' most important components. Overseas sales came to 36

per cent, well up on the same quarter a year ago and unchanged from the first three months of this year.

Mr Yocam predicted that strong domand for Apple prod-ucts would be maintained and the company's favourable financial performance would continue throughout the

12

ALUMINUM COMPANY of America (Alcoa), the world's largest aluminium producer, reported another big jump in profits, revenues and physical output as the US metals indus-try continued to enjoy boom conditions. Alcos made net profits of \$237.6m or \$2.89 is share in the second quarter: A year carlier the connecty fost, \$91.2m as a result of special charges relat-ing to discontinued operations and the early retirement of remainder of 1988. -

ALUMINUM COMPANY of high interest debt. In the first quarter of this year, Alcoa made \$178.7m or \$2.62 a share. Alcoa's quarterly revenues Accus i marterly revenues increased to \$2.5bm, 25 per cent up on the \$2.0bn recorded a year ago. The rate of revenue growth actually accelerated from the first quarter, when revenues at \$2100, were 18 per cent higher than in the provi-ons, year's period. Payaical, shippping increased to 620,000

The group said its results reflected a strong aluminium market around the world and expressed confidence in its future performance.

"Alcoa's inventory level is virtually unchanged from the prior quarter and there is no evidence of inventory build-up in the industry," Mr Paul, O'Nell, the chairman, said.

Alco's order receipts are strong and we expect favoura-

spending on new products By Kevin Done, Motor Industry Correspondent, in Detroit legislative plans for more strip-gent archaust ignition stan-dards. The proposals before the US Congress this summer would push allowable automo-tive emissions "closer to zero," I CAN

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be said. "The technology does not exist at any of the antomobile companies or at any of the nation's most pressigious research laboratories to in actual use. Production of in actual use. Production of inany of the vehicles available indiay would not be possible at some of the proposed ignition

levels." Mr Stempel also warned of the danger of bughening save-tions against South Africa, "The two major sources for the metals were South Africa and the Soviet Union, and cur-rently the US drew all its sup-plies from South Africa. "The continuing clamour for

plies from South Africa. "The continuing clamour for sanctions against South Africa rahes: the possibility that essential materials for one of our major clean air technolo-gies may be interrupted." So far the US authorities had exempted noble metals from accordings strategies but sanctions strategies, but hicle makers were growing increasingly concerned.

Robert Stempel: ambilious exepansion programme

at any time in the company's

at any time in the company's go-year history. GM products had undergone a "massive transformation" during the 1980s with a switch for almost all vehicles to front wheel drive and the introduc-tion to almost all cars and trucks of electronically con-trolled fuel injection. At the beginning of the 1980s only 6 beginning of the 1980s only 6 per cent of GM cars had fuel jection.

Mr Stempel warned that the automotive industry would be unable to meet the current US

# **Dofasco bids for Algoma Steel**

DOFASCO, Canada's second biggest steelmaker, yesterday offered to pay C\$550m (U\$453m) for Algoma Steel, the country's third largest steel group which is 538 per cent owned by Canadian Pacific, Dofasco said the offer will be conditional on obtaining at least two-thirds of each class of Algoma shares. Dofasco said

Algoma specialises in heavy construction steel, plate and seamless tube Dofasco, Can-ada's second biggest steel pro-ducer, specialises in sheet

brochucts. Adellar this year, it expected the market to be sufficiently buoy-ant to produce a substantial in record second quarter prof-carnings increase this year.

# Observers said a merger its and forecast substantially would be logical since Algoma, improved 1988 earnings, Rester severely hit in the last reces. reports from Teronto. ston and also by the recent slowdown in the oil and gas were C\$54.4m or 75 cents a

Second-quarter earnings were C\$54.4m or 76 cents a share against C\$36.2m or 49 cents on revenues of C\$35.5m, against C\$756.4m.

The company said that despite the dramatic increase in the value of the Canadian

GM's total spending would decline to around \$7bn in 1988 and \$6bn in 1990 compared with the 1936 level of \$11.7bn. GM has suffered a sharp decline in its US market share in recent years, but Mr Stem-pel said the company was plan-

Algoma shares, Dofasco said Canadian Pacific Enterprises, a unit of Canadian Pacific, has agreed to tender its block for about C3246.2m.

By Our New York Staff

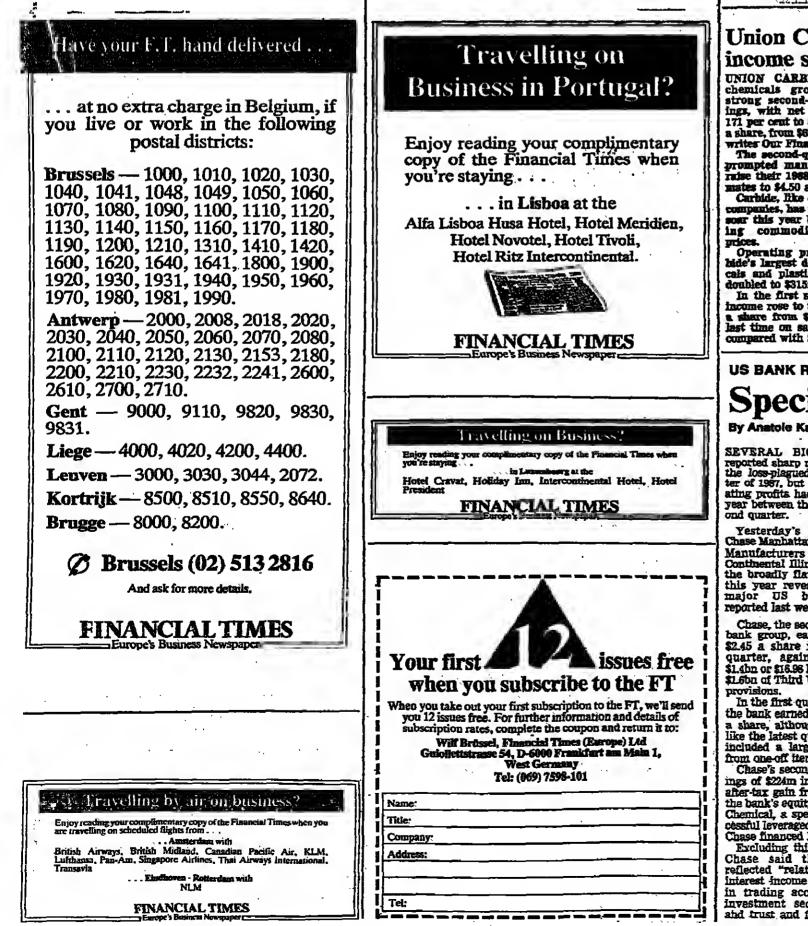
By Robert Gibbens in Montreal DOFASCO, Canada's second

industries, faces an uncertain future.

Alcoa registers sharp advance

# ning to introduce more new products in 1968 and 1969 than

He said that Gat's mining programme was now "winding down." In 1986 around 24 per cent of GM capital spending was devoted to product expen-diture, but this would be increased to around 40 per cent



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**Union Carbide** income soars UNION CARBIDE, the US chemicals group, reported strong second-quarter earnings, with net income rising 171 per cent to \$187m or \$1.39 a share, from \$69m or 52 cents, writes Our Financial Staff. The second-quarter results prompted many analysts to raise their 1968 earnings estimates to \$4.50 a share. Carbide, like other chemical companies, has seen its profits sour this year because of ris-ing commodity chemical earlier. Operating profits in Car-bide's largest division, chemi-cais and plastics, more than doubled to \$315m from \$123m. In the first six months net income rose to \$288m or \$2.14 a share from \$135m or \$1.08 last time on sales of \$4.08bn, compared with \$3.34bn. **US BANK RESULTS** By Anatole Kalestaky In New York SEVERAL BIG US banks Net income in each of the last reported sharp recoveries from the loss-plagued second quar-ter of 1987, but said that oper-ter of 1987, but said that operreported sharp recoveries from the loss-plagued second quar-ter of 1987, but said that oper-ating profits had declined this year between the first and sec-1987 Yesterday's results, from Chase Manhattan, J.P. Morgan, Manufacturers Hanover and Continental Illinois, confirmed the broadly flat performance this year revealed by other major US banks which at \$318m. reported last week. Chase, the second largest US bank group, earned \$224m or \$2.45 a share in the second quarter, against a loss of \$1.4bn or \$16.95 last time due to \$1.6bn of Third World lean loss provisions. In the first quarter this year, the bank earned \$277m or \$3.09 a share, although this figure, like the latest quarter's results income of \$228.7m or \$1.23 a included a large contribution from one-off items. Chase's second-quarter earn-ings of \$224m included a \$69m after tax gain from the sale of the bank's equity stake in Cain

and the early retirement of above the year-ago level. **ATT/Philips venture cuts loss** By Our Financial Sta

APT, the joint venture of American Telephone and Tele-graph and Philips of the Netberlands, yesterday reported that its net loss in 1987 fell to Fl 20m (\$9.5m), from F1 70m the previous year, as sales rose by 20 per cent to F1 895m, from F1 744m a year pany's earnings had been hurt by heavy start-up costs, as well as by outlays for product development, new computer hard-The Netherlands-based sup-

plier of telecommunications switching systems and transware and software systems and the construction of new promission equipment said sales of all major products rose last duction lines and a new headquarters in the Netherlands, said Mr Cees Steliger, a company official.

More efficient production, better cost control and fewer capital expenses also contrib-uted to higher earnings. But the negative effect of those capital outlays on earn-ings apparently is diminishing, coincidentally as business The management expects the

company to make a profit in 1966, its first since its inception improves. The company said it not only experienced "considin 1964. The company earlier erable growth to existing cussaid it hopes to increase sales to around F1 3bn by 1990. tomers" last year, but also was able to broaden its sales base Until this year, the four-year-old Dutch/American cominto such new markets as

tinne, he added."

Greece and Spain. APT said orders and deliveries of its new 5ESS-PRX digital telephone switching systems led its sales increase in 1987. Supplies to the Dutch PTT grew significantly, and the company also delivered substantial orders to Britain.

The order portfolio for transmission systems increased by 25 per cent at the end of 1987, compared with 1986, despite fierce competition which put nressure on margins.

# Special gain boosts returns from Chase

Chemical, a spectacularly successful leveraged buyout which Chase financed last year. Excluding this special gain. Chase said that earnings reflected "relatively flat net interest income and increases

income\_ in trading account income,.

the year before. Foreign exchange income was down 25 per cent at \$40.2m but other trading income increased by 61 per cent to \$83.3m. Investment loss reserves established in

per cent to \$33.3m. Investment securities income fall by 22 per cent to \$40.7m, while trust income increased by 6 per cent to \$111.4m. Other operating income, mainly from fees and commissions advanced by 16 per cent to \$150.5m. Total non-interest expenses jumped by seven per cent to \$429.2m. Manufacturers Hanover Cor-poration appounced net Net interest income in the second quarter was \$882m, 3 per cent down on the year before while fee and commis-sion income declined 4 per cent

to the sale of the company's

consumer finance business.

which produced a net gain of

result of the asset disposals

Foreign exchange trading profits were also down 3 per cent at \$59m, but other trading account gains came to \$34m, against a \$11m loss in the sec-ond quarter of 1987. Operating expenses were up only 1 per

Cent at \$860m. Chase's average total assets in the latest quarter were 4 per

\$291.3m. In the second quarter of 1987, HMC reported a net loss of \$1.87m or \$32.96 a share and in the first quarter of this year, the company made prof-its of \$140.3 or \$2.56. MHC's net interest revenue declined by 8. per cent to \$463.9m, while non-interest revshare, compared with a loss of \$586.4m or \$3.29 a year ago and a profit of \$281.4m or \$1.52 in the first quarter of 1988. Like other leading banks, Morgan said it had benefited from enues, excluding special gains from asset sales, were up 7 per cent to \$369m. Foreign lower taxes as a result of the 1987 losses. It also reported a decline in net interest income exchange revenues rose 23 per cent to \$25.4m, and trading account profits and commisand higher non-interest sions increased by 21 per cent to \$28.6m. Non-interest operatexpenses, partly offset by mod-erate advances in non-interest ing expenses were 3 per cent down at \$545m. Common shareholdars' equity increased sharply as a

Morgan's net interest income investment securities gains in the second quarter was and trust and fiduciary fees." \$382.5m, down 6 per cent on and improvements in profits. HMC said its common equity now stands at 3.50 per cent of total assets which declined by

5 per cent to \$70bn. Continental Illinois, the big Chicago-based bank which has returned to profitability after its rescue in 1984 by the Fed. eral government, had net income of \$60.2m or 24 cents a share. In the same quarter a year ago it incurred a net loss of \$477m or \$4.58 and in the first quarter of 1988 it made a poration announced net income of \$403.1m or \$7.93 a share, more than half of it due profit of \$68.5m or 28 cents. The first-quarter earnings included a one-time gain of \$15.1m connected with settle-

ment of pensions liabilities. In contrast to other major banks, Continental increased its net interest revenues by 5 per cent to \$150.4m, as a result of wider spreads and increased volumas. Other revenues increased by 11 per cent to \$109.6m

Continental said that, as a result of its improving profits, it would be able to meet and exceed the new capital ade-quacy guidelines proposed by the Federal Reserve Board in advance of their planned effectiva date in 1992. Total assets averaged \$2.4bn in the second quarter. Common equity, including the convertible pre-ferred stock held by the Fed-eral Deposit Insurance Corpo-

ration came to \$1.055bn, or \$.26 per cent of assets.

## highe INTERNATIONAL COMPANIES AND FINANCE 'oduch Siemens speeds up motor side Andrew Fisher on the West German group's focus on automobiles

Ever since Siemens elbowed its way into the fast-growing mar-ket for automobile electronics at the start of the 1980s, it has been seeking to increase its worldwide ergosure and accel-erate its sales. Throngh its deal with Allied-Signal of the US, the

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West German electrical and electronics group believes it has found a way of doing just

After seven months of talks, Siemens has agreed to pay between \$200m and \$300m for a majority share in Bendix Elecirronics Group, a Detroit subsid-iary of Allied-Signal, thus vir-tually doubling the size of its business in the automotive sector and pushing into new markets in the Americas and the Far East.

At present, Siemens puts the international market in electronic components and systems for cars and trucks at about DM9bn (\$5bn). It expects this nearly to double in the neart five years. In Germany itself, the motor industry is set to spend some DM1.5bn this year on electronic components alone, a third more than three

years ago. Siemens' own sales in the sector have grown by at least 20 per cent a year to around DM800m, a rate of expansion which Mr Karlheinz Kaske, the chairman, expects to continue. The addition of the Bendix Electronics turnover of around DM700m - the agreement was announced late last week will produce an operation third in the world to Robert Bosch of son for their success

By Sara Webb in Stockholm

SCA, the big Swedish forest

products group, has agreed to huy Italcarta, Italy's largest corrugated board and recycled.

paper products manufacturer, for about SKr500m (\$78.7m).

The deal considerably strengthens SCA's position in the Italian market and is part of the group's strategy to build forceful position within the Furgment Community

European Community. The addition of Italcarta will

almost double the size of SCA's

wholly-owned packaging operations, which last year had

sales of SKr1.3bn and profits of

It means that SCA will con-

sume more of the linerboard it

reducing the amount which has to be sold on the open mar. ket and therefore protecting it against a drop in deninoid for

produces in-house, thereby

SKr120m.

linerboard.

SCA buys Italcarta as

part of expansion plan

Denso, a Japanese company in which Bosch has a minority stake. Compared with Siemens' total sales, which will approach DM60bn in 1968, the automotive electronics side is still small. The combined Siemens and Bendix turnover of some DM1.5bn is also way below that of Bosch, which last

year achieved nearly DM14bn of its turnover in automotive equipment; of this, some DM6bn consisted of electronic systems, though actual elec-tronics accounted for only a third of this. It is not just the electronic components that make up the business. The real value lies in

the systems themselves, in the way electronic parts are linked to make driving smoother, safer and more fun through efficient engine management devices, improved suspension, better braking, airbags to reduce accident injuries, sharper instrument panel dis-plays, and clearer sounding in-car entertainment.

"The link with Bendix will lead to new synergies and syn-chronisation," said Mr Joachim Rupprecht, head of planning and technology at Siemens" antomobile electronics division.

For German-hased antomotive suppliers such as Bosch, Sienens, AEG (part of Daim-ler-Benz), Alfred Teves (owned by ITT of the US), and VDO, the strength of the domestic vehicle industry is a major rea-

has sales of around SKr1.2bn

and showed "a good profit" last year, although SCA would not reveal the exact figure.

It has plants in Lucca, near Florence, and produces 250,000 tons of corrugated board and

270,000 tons of recycled paper

products such as testliner used

on the surface of cardboard

SCA produces kraftliner, the

Italcarta is the second larg-

corrugated board industry.

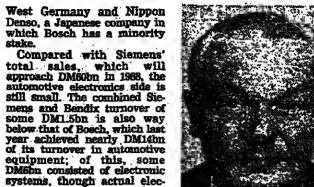
boxes

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testliner before.



Karlheinz Kaske: expects expans on to continue

Upmarket models such as the Mercedes cars of Daimler and the BMW range, especially the new 5-series and 7-series, have a high electronics content. Siemens, for instance, makes infra-red locking devices for the BMW 5 models and four-wheel drive systems for Daimler.

So far, the bulk of Siemens electronic systems sales to the motor industry has heen within Germany: The purchase of control of the Bendix unit, which will keep its US manage-ment, will give it access to the US, Canada, Brazil, Italy, France, and Asia.

Bendix has moved strongly into South Korea, which has built up a sizeable and export-orientated car industry. Last year, it signed a co-operation deal with Daesung to make electronic controls and systems for the Korean and foreign

markets. Because of the fast pace and high cost of development and the variety of applications, co-

operation agreements are common in automobile electronics Yesterday, Bosch announced the purchase of 15 per cent of Akebono, a Japanese company in which Nissan and Toyota have similar holdings. The German company has been working on anti-lock braking systems (ABS) for commercial which a the back

vehicles with Akebono. It was Bosch which plo-neered ABS, introducing it in 1978 on upmarket Mercedes and BMWs, while a Teves ABS system was the first to be introduced on a series basis in the Scorpio model at the top of the Ford range in Germany. Siemens' own co-operation partners include a European subsidiary of Rockwell Interna-tional of the US.

Companies in motor electronics hope for growth in sev-eral ways. Firstly, the increas-ing number and cophistication of applications should provide scope for sales of ever more advanced systems.

Secondly, the greater use of electronically-based equipment in cheaper cars and in trucks is expected to widen the mar-

Thirdly, business is likely to expand beyond the wealthy markets of Western Europe, Japan, and North America. In a few years, reckons Mr Rup-precht, the average electronic system content of a car should double to around 16 per cent of tts cost.

## **Row flares over French** core shareholder pacts

#### By Paul Betts in Paris

THE POLITICAL row over the control of recently privatised French industrial and financial groups gathered steam yester-day with the disclosure of a secret pact between the large shareholders of Compagnie Générale d'Electricité (CGE), the French telecommunications, engineering and media conglomerate.

CGE confirmed yesterday higher quality form of liner-board, but has not produced the pact between six friendly

the pact between six friendly shareholders, controlling between them about 15 per cent of the group's capital, but claimed there was nothing ille-gal about the agreement. The six shareholders include Société Générale, the priva-tised French commercial bank, Compagnie, Générale des Eaux, Dumez, Swiss Bank Corpora-tion, Société Générale de Belgi-que and TLAP, the leading French state insurance group. The secret agreement was signed a few months after the est supplier of recycled paper raw materials to the European A large proportion of the recycled paper products is used for corrugated board produc-

The pact also appears to have been part of CGE's efforts to consolidate the structure of its capital in the hands of friendly hard-core sharehold-

However, the new Socialist Government is now seeking to break np these hard cores set up by the previous rightwing government of Mr Jacques Chi-rac. The Socialists have repeatedly accused Mr Chirac's RPR neo-Gaullist party of trying to wrest control of the privatised groups by placing its friends at the head or as core sharehold-ers of these groups.

The Socialist Government is already reported to be plan-ning to replace Mr Jean Dromer, the chairman of UAP appointed by the former conservative government, The latest disclosures over

# Trizec Corporation Ltd.

# US\$ 150,000,000 Term Facility

Maturing 1995

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June, 1988

SBCI Swiss Bank Corporation Investment banking

#### Lead Managers:

Banco di Roma – London Branch

**Banque Nationale de Paris** 

Kredietbank N.V.

The Royal Bank of Canada

Swiss Bank Corporation (Canada)

Westdeutsche Landesbank Girozentrale

Westpac Banking Corporation

#### Managers:

HandelsBank NatWest Overseas Limited Istituto Bancario San Paolo di Torino

#### Agent Bank:

SBCI Swiss Bank Corporation Investment banking

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#### FINANCIAL TIMES TUESDAY JULY 19 1988 INTERNATIONAL COMPANIES AND FINANCE These securities have been sold outside the United States of America and Japan. This a appears as a matter of record only. S African gold in melting pot NEW ISSUE 15th July, 1988 Kenneth Gooding on a sector threatened by US disinvestment SOUTH AFRICAN Many analysts are becoming increas-ingly gloomy about the prospects for South African gold mining shares. The imme-South African Gold Mines NHK DOLD MINES Industry Profit Margins (Read per oz) Total Costs-based on future working Top 10 US holdings 1600 (End 1967) 5.00 diate concern surrounds the possibility that US citizens will be forced to sell all their shares in South African companies, Coos. Modden NHK SPRING CO., LTD. Bhyvooruitzicht 1200 Bracken Grootviel but in any case the moustry is 800 going through one of the most difficult periods in its long his-Gold price Durban Deep +10% U.S.\$100,000,000 Decention WI Carr, the London stock-400 Working costs Mikander Least broker, says unequivocally: "The South African industry is Buttetatonte 4¼ per cent. Guaranteed Bonds 1993 W Y X MASS testering on the edge of crisis, desperately lacking the sup-port which could be provided by a major rise in the US dollar 88\* 89\* 90\* 91\* 92 Source: David Be with Warrants in 1991," say the Carr analysis. "While a aimplistic approach, this exercise damonis so strong that tougher mea-sures seem inevitable, if not this year, then next." Both Shearson and David At Shearson Lehman Hutton Mr John Phizackerley suggold price or a collapse in the to subscribe for shares of common stock of NHK SPRING CO., LTD. strates the tenuous nature of the industry's future." In the circumstances, it is "Furthermore, the threat of Payments of principal and interest on the Bonds At Shearson Lehman nuccuu Mr John Phizackerley sug-gests: "A scenario of forced US disinvestment does not conjure up a pretty picture. A collapse in dollar prices would be inevi-table " further US disinvestment has made South African gold shares unacceptable to the US citizens have comparatively high percentage shareholdings might be considered specula-tive investments. US individu-als concentrate mainly on the being unconditionally and irrevocably guaranteed by not surprising that the Johan-nesburg Gold Mines Share Index is languishing around the same low level to which it plummeted after Black Mon-day, But and course surface to The Dai-Ichi Kangyo Bank, Limited international investor." About 25 per cent of the South African gold mining shares in issue, worth about \$2.5bm, are in the hands of US table." On the other hand, he says, marginal and shorter-life gold However, David Borkum

Issue Price 100 per cent.

Nomura International Limited

**DKB** International Limited

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Yamaichi International (Europe) Limited

**IBJ** International Limited

Bank of Tokyo Capital Markets Group
Banque Bruxelles Lambert S.A.
Commerzbank Aktiengesellschaft
HandelsBank NatWest (Overseas) Limited
KOKUSAI Europe Limited
LTCB International Limited
Morgan Stanley International
Nippon Kangyo Kakumaru (Europe) Limited
Sanyo International Limited
anking Société Générale

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citizens, Carr points out in its latest review of the gold market.

"The potential weight of US disinvestment would cause major and irreparable damage to the sector and the spectre of such developments alone is likely to cast a cloud over share prices for some time to come," say Carr'a analysts, Mr Graham Roberts and Mr Wiktor Bielski.

Their concern has been trig-gered by the so-called Dellums proposals (after Mr Ron Dellums, the sponsoring Congress-man) which have been wend-ing their laborious way through the US legislative sys-tem. These call for mandatory disinvestment for all US corporations and individuals with interests in South Africa. The Carr team points out: The chances of (the Bill) passing the Senate wihout amend-

ments is negligible but investors should not be complacent. The tide in favour of sanctions

PRODUCTION CONSTRAINTS caused by shortages of skilled labour should soon disappear now that the South African Government has lifted the legal colour bar on the country's mines, according to Mr Clive Knobbs, chairman of Rand Mines

Commenting on the June quarter's results of Harmony, the largest of four producing gold mines managed by the group, he said yesterday that skill shortages should "soon be a thing of the past" and called the equity would have to go somewhere and "many South African holding companies have benefited from picking up disinvestments at bargain nowever, David Solnami points to four major companies in each of which US citizens have holdings worth more than Ribn: De Beers (R1.75bn), Vaal Reefs (R1.53bn), Driefontein (R1.16bn) and Kloof (R1.05bn). Loching to the longer form

rices." Foreign ownership (not just US) in South African mining (set inst sold mining) shares (not just gold mining) has fallen from 34 per cent of total issued capital in 1982 to about 24 per cent in 1987, of which about half is in US hands.

An analysis by David Borkum Hare, the Johannes-burg stockbroker, showa US citizens are holders of about 14 seems to be heading for disaster. During the first quarter of this year, for example, nine of South Africa's 27 gold mines operated at a loss. The indusper cent of all the issued South African mining shares, a total which includes American depositary receipts which might be owned by non-Ameri-caus. Their value is nearly try's average cost of produc-tion jumped by 22 per cent over the same period in 1987. R14.8bn, or \$4.1bn at the financial rand rate. Any "fire sale" of these holdaverage working costs and inflating by 15 per cent a year, while holding capital expendi-

ings would only be possible at a much lower figure because of a probable fall in the financial rand - "which is after all what ture constant and assuming a flat R1,000 per ounce gold price, the industry goes brake

day. But not every analyst is advocating that shareholders should sell.

licit

"You can understand why people would avoid buying South African gold shares, South African gold shares, says Mr Dennis Spector, ana-lyst with Williams de Broe in London. "But if you pick and choose carefully, there are a few good companies which will perform as well as any gold stock anywhere in the world." (R1.15m) and Kloof (R1.05m). Looking to the longer term. W.I. Carr's analysts predict there will be a fundamental restructuring of the South Afri-can gold mining industry in the latter part of this decade because otherwise the industry comme in he harding for distance Shearson's Mr Phizackerley also points out that the US dis-investment legislation will not necessarily become law. "With

this in mind we cannot advise large-scale selling of South African gold shares at this stage, especially as the market. has fallen so far this year. "However, investors would do well to monitor closely the

progress of the Dellums bill and indeed tha fortunes of Michael Dukakis, since should he succeed to the US Presidency - to use an American-ism - it could mean a whole new ball game."

# **Rand Mines optimistic on skilled labour**

"Taking last year's industry

By Jim Jones in Johannesburg

RAND MINES GOLD QUARTERLIES Alter-tex profit (Rm) share (cents) Jun 55 Mar 55 Jun 56 Mar 58 Jus 88 Mar #1 2,597 1,858 2,108 6,362 Blyvoor Durban Deep 2,696 13.84 17.07 30.6 27.3 (195.4) (258.0) (277.4) (\$14.2) (34.5) 1,845 (0.82) (1.73) (18.98) ERPM (10.07). 21.78 2 425 6,679 49.6 mings per share pak

shortages and a drop in the Johanneaburg, was the only inipes average gold necessary one of Rand Mines, producers grade, Harmony increased its ore milling rate in the average in the increase unit costs. The n the anarter

new shaft, generated operating losses but should soon be profitable, Mr Knobbs said. The-June quarter's production increase became possible with the temporary use of a new sub-vertical ventilation shaft for hoisiting men and materials. The associated sub-vertical hoisting shaft will be commis-sioned towards the end of the year, Mr Knobbs added, leading to further increases in ore production.

Blyvooruitzicht continues to supplement ore from its fast-di-

US\$100,000,000



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## **INTERNATIONAL CAPITAL MARKETS AND COMPANIES**

# Fears of tighter monetary | Banks at odds over North Korean deal policies dampen activity

#### By Dominique Jackson

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FEARS OF further tightening of monetary policy in both West Germany and the US, compounded by a rise in UK base lending rates, made for a day of thin and nervous activity in the Eurobond market. Investor attention remained focused on the foreign exchange markets and no new

public issues were launched. Activity was virtually con-fined to inter professional dealing and the fortunes of the dollar on the foreign exchanges set the fundamental tone.

In West Germany, bond prices opened up to half a point lower, depressed by the initial resilience of the dollar, still supported by favourable reaction to last Friday's US trade report. They extended these losses as money market rates firmed, making the possi-bility of a rise in today's securitica repurchase agreement interest rate virtually inevitable. The rate currently stands at 3.75 per cent and dealers forecast a minimum ¼ point hike to 4 per cent.

However, the Bundesbank is expected to announce a fixed rate tender as usual and dealers also expected the Bundes bank to add a generous amount of liquidity to the sys-tem to alleviate money market

By Wong Sulong in Kuala Lumpur

FOREIGN stockbrokers are to

be allowed to increase their equity stakes in Malaysian stockbroking firms to 49 per cent from the current level of

30 per cent, Dr Mahathir Moha-mad, the Prime Minister of

Malaysia, said yesterday.

lic paper rose to 6.50 per cent, its highest level so far this year. However, later in the day, as a wave of concerted central bank intervention brought the US dollar off its highs, selected Euromark bonds and some domestic recouped some earlier



losses although most still

ended around a point down. Last week's DM400m 6 per cent seven-year issue for Nip-pon Telegraph & Telephone, which was bid at 98% late last week, dropped to a bid of 97% but later edged up to close at 98%.

Dealers are expecting a new federal government bond before the end of the month but were unsure of its precise timing. The European Invest-ment Bank also announced it is planning a new bond issue but that its timing would depend on conditions in the

secondary market. Bayerische Landesbank led a DM100m private placement for itself. The four year bond at 5¼ per cent is priced at par. Sterling denominated bond markets also opened easier in. The average yield on all pub-est rates. When the Bank of

Malaysia raises broker limit

balisation. We cannot afford to

England signalled a % point rise in base rates to 10% per cant, the sixth such tightening move since early June, initial reaction was muted. Most deal-ers had expected a full one point rise to 11 per cent which they pointed out is already dis-counted by money market rates. However, some noted that the authorities could be

awaiting June UK money sup-ply data due tomorrow before moving to raise rates further.

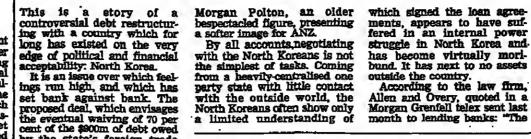
Later on, as the increase lent one support to the pound on the foreign exchanges, gilts and Eurosterling recovered somewhat to close broadly unchanged from Friday's final levels. In Switzerland; bond prices

drifted lower as Swiss banks continued to raise their money market and customer time deposit rates. The Japanese convertible bond sector was also under some pressure. S.G. Warburg Soditic said it was raising the coupons on the

issue it brought late last week for Australian Consolidated Press Holdings, The issue is a joint private placement bond and loan package and the coupons were raised to 4% per cent and 5 per cent respec-tively. The whole issue is expected to be for a final total around SFr100m, dependent on investor uptake.

emerged stronger and more

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by the state's foreign trade bank to outside bank creditors, has been described as repug-nant and a dangerous prece-dent which has rewarded a tronhlesome dehtor for long-standing delinquency. On the other hand, it may

produce the first income for the more than 150 banks in two syndicates of lenders since 1984, when the Koreans last made an interest payment, at the launch of a previous rescheduling agreement. The interest payment before that was made in 1979.

Lenders are split, the majority against the proposal citing the principle of opposition to debt forgiveness for a country they claim is able to meet its obligations, and the minority in favour, thankful for the chance of some return on loans on which they had given up hope and citing realpolitik.

The story starts in about 1972 when foreign bank credits to the country started building up as North Korea made one of its periodic attempts to open up to the outside world. Banks extended both trade-related credits, financing for the most part the importing of food, a significant part of it wheat from Australia, and project finance loans, on some of which the British merchant bank, Morgan Grenfell, acted as agent.

Eventually, the debts were consolidated into two syndi-cates, Australian and New Zealand Banking Group heading the trade lending syndicate accounting for perhaps \$640m of the debts - and Morgan

resumed.

struggle in North Korea and. has become virtually moribund. It has next to no assets

Seldom has a restructuring created such acrimony, writes Stephen Fidler

with the North Koreans is not the simplest of tasks. Coming from a heavily-centralised one party state with little contact outside the country. According to the law firm, Allen and Overy, quoted in a Morgan Grenfell telex sent last with the ontside world, the North Koreans often show only month to lending banks: "The a limited understanding of

The restructuring plan has set not in favour of the proposals, bank against bank. It has been which seemingly threaten to split variously decribed as repugnant the two sydicates. Yet for the and a dangerous precedent which banks involved, and there are has rewarded a troublesome more than 150 of them, the deal debtor for long standing delin- could well produce the first quency. The majority lenders are income since 1984.

However, it was felt there was a chance that claims against another North Korean bank, the Korea Daesong Bank - the "Gold Star Bank" could be snccessful. As the

Mooyok Bank's star has fallen, so the Gold Star rose until the latter was handling most of the country's external economic relations. Apparently worried by the effects on its international trade of the default declaration, the Daesong bank tel-exed Morgan Grenfell on

which has not been used against a Latin American country for example, despite the payments difficulties they

August, clearing the way for action in both Swiss and English courts - because

advised of substantial problems in enforcing seizure of Korean assets. The foreign trade bank, or Mooyok Bank,

bow ties. Described by one banker as an "unguided mis-sile", he is a man with the ear of one or more influential individuals in Pyongyang who, nonetheless, works in the true spirit of Thatcherite individual

enterorise Mr McAskill, who says his links in North Korea were made in an unspecified trade

deal he worked on something less than a decade ago, succeeded. It was in the subsequant talks early this year between Halcrow's team and the North Koreans that the extraordinary proposal emerged which has set bank gainst bank.

The deal is this: a new loan of \$900m, with a formal North Korean government guarantee (unlike the Mooyok Bank bt), will be structured. The lenders then agree on a sepa-rate schedule of payments on the so-called settlement loan. This loan totals \$270m - 30 per

cent of outstanding principal Morgan Grenfell A CO.LINITED

- on which a fixed interest rate of 8 per cent is payable with a final payment due on December 15, 1991. If the Daesong keeps current'

eans to back-pedal vigorously on their September 1 promises. on its repayment schedule for the full period, and only then, will the full \$900m will be deemed as settled. If the North Koreans do not keep to their settlement schedule, then the full amount of the loan will be dne. This presents, say its supporters, a strong incentive for the North Koreans not to stop payments once they have started. A \$5m payment has been made on account and a \$10m payment was expected

late last week (July 15). When the proposal was first disclosed to the banks on June I, the bank reaction was subdued. Only subsequently did the feathers start to fly. ANZ, citing the misgivings of banks

in its syndicate presented an alternative proposal, calling for a renewal of negotiations with the Koreans based on its suggestions that the deal could be renegotiated over 17 years. Grenfell did not formally present this proposal to the banks in its syndicate, bank officials saying privately that the ANZ action threatened to "crater the deal."

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There have been mutterings about the substantial fees Morabout the substantian tees not gan Grenfell, and presumably McAskill, would recoup if the deal went through and ques-tions about whether the fact that ANZ would not share much of this was partly behind its ostensibly principled oppo-sition to the proposal. If the deal had gone through in full, the hanks' fees would have totalled \$3.2m, and ANZ says its cut would have been a mere \$150,000. Having said that, neither lead bank has seen any-thing in fees for years,

By this time, two new bank-ers had taken over the North Korean case from Mr Morgan Polton at ANZ, Mr Rollo Pren-dergast and Mr Roger Thackeray. It was suggested their inexperience in dealing with the Koreans, or their lack of rescheduling fatigue, encouraged them to take up the cudgels for those banks against the deal.

There is a clear majority against the settlement now among the banks.

French banks have thrown their weight against the settlement, en masse, but their objection is not based on prin-ciple. Many have significant newer project related loans out to North Korea and a waiving of their older deht would probably mean they would have to write down the new on the balance sheets.

Officials at ANZ argue that ... all this opposition should be enough to make Grenfell pull back, but Mr Halcrow and Mr McAskill are determined to go ahead. If the Koreans concur, and that should become clear in weeks, then the two syndicates will split. Morgan Grenfell will head the group which wishes to settle, while ANZ will embark on the weary task of extracting a deal from the Mooyok Bank.

Whatever the outcome, it seems unlikely that the North Koreans will make much headway for some years yet if their ambition is to put their finan-cial relations with the West on a more normal footing.

lag behind," Dr Mahathir told a resilient after the crisis surconference of Asian stock exchanges in Kuala Lumpur. rounding the collapse of Pan-Electric Industries in late 1985 He added that it was the and the world market crash. Malaysian Government's intenlast year. tion to make its capital market alaysia, said yesterday. "comparable to those of "The world of securities advanced nations." Foreign brokers at the conference welcomed Dr Mahathtoday is developing at an unprecedented rate with glo-Lumpur Stock Erchange had ir's announcement of a higher foreign equity limit,

**FT INTERNATIONAL BOND SERVICE** 

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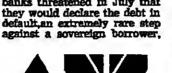
## Grenfell the other. Through the 1980s, these two banks have bandled years of frustrating and ultimately fruitless talks. For much of

that time two men handled the banks' negotiations, talking to Closing prices on July 18 Campt of 55 1005, 1007, 0 -01, 524 45 951, 951, 001, 0 -01, 524 45 951, 951, 001, 0 -01, 524 20 973, 973, 0 -01, 543 30 993, 993, 0 -01, 521 50 973, 973, 0 -01, 521 50 973, 973, 0 -05, 555 159 1013, 1023, 0 -0 5,11 50 973, 973, 0 0, 528 50 1013, 1023, 0 0, 528 50 1013, 1023, 0 0, 508 the Koreans in Vienna, where they have representation, and making the occasional trip to the North Korean capital Pyongyang: Mr Richard Halcrow, an irascible individual whose language is peppered with expletives, for the British bank, and

prospects of a claim under English law (against the Republic) presently appear international businese and

banking conventions. A ten-dency for their negotiators to seize on any hint of concession as a weakness, and a predelic-tion for backing out of agree-ments at the last minute have not endeared them to their

opposite numbers. Things came to a head last summer. After six months of talks on yet another agreement for a conventional rescheduling,the Koreans pulled ont, offering no explanation. The banks threatened in July that



concessions might be forthcoming, a signal for the North Korhave encountered since 1982. The default was declared in

these are the jurisdictions covering the two loan agreements - to saize North Korean sets. This possibility was one

the Koreans apparently took seriously. Shipments of North Korean gold into London - the country used to export about two tonnes a month through the London bullion market ceased and still have not

As the Koreans raised further objections, Halcrow terminated the talks. The North Korean position, he told reporters at the time, was "so unreasonable that it is impossible to Nevertheless, soon afterwards, Mr Halcrow appeared to have a change of heart. Without asking for ANZ's approval,

he agreed that Mr Colin McAs-kill, who had acted as an intermediary with the Daesong Bank in previous talks, should intervene to try to get the Koreans back to the negotiating

Mr McAskill, 47, is a resident of Kensington with a taste for

September I, agreeing in prin-ciple to take over after resched-uling the Mooyok Bank debt.

The talks began again, and once more they foundered. According to one version,

which ANZ denies, at the

Vienna talks between the two sides, ANZ indicated that more

explain."

table

	Credit, National 7 1, 92	BP Capital 94, 93 E 100 965, 974 -04 -1 10.60	FI GOIDE TO WORLD CORRENCIES	
	EEC 792	Coop.Ctr.Rabo,6:92 FL	The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 18 July 1988 . In some cases the rate is nominal. Market rates are the average of buying and sell	elling rates
	Desimark 71, 92	Desirating 74, 92 (201)         100         100 (100 % 101 % - 04 - 04 7.3%)           Dest table Bash 93, 97 £         75         794 % 95 (-04 - 04 12.83)           Dest Bid, Just 124, 95 AS.         70         94 % 95 (-04 - 04 12.83)           E.I. 8 104, 98 (CS.         100         100 700 98 / 20 - 04 - 04 12.83           E.I. 8 104, 98 (CS.         100         100 700 98 / 20 - 04 - 04 12.83           E.L. 8 104, 98 (CS.         101 100 7, 00 - 04 10.27           Eler. France 104, 95 (CS.         125 199% 100 0 - 04 - 04 8.06           Eurofinal 73, 97 (201)         145 995 9 - 06 - 04 8.06           Eurofinal 73, 97 (201)         100 1001 101 101 4 0 - 04 10.02           Ford D. Can. 104, 93 (SS.         100 1001 101 101 4 0 - 04 10.29           Gillettic Can. 93 93 (SS.         70 94 94 4 - 04 - 04 11.24           G.M. A.C. 94 93 (SS.         150 1003 10.13 - 04 - 04 11.24           G.M. A.C. 94 93 (SS.         75 1903 1003 0 0 9.23           G.M. A.C. 94 93 (SS.         75 1903 1003 0 0 9.23           G.M. A.C. 94 93 (SS.         75 1903 1003 0 0 9.23           G.M. A.C. 94 93 (SS.         75 1903 1003 0 0 9.23           G.M. A.C. 94 93 (SS.         100 904 5 - 04 - 04 13.39           G.M. A.C. 94 93 (SS.         100 904 5 - 04 - 04 11.10           G.M. A.C. 94 93 (SS.         100 904 5 - 04 - 04 11.10	COUNTRY & STE US 5 D-MARK YEN COUNTRY	/EN X 100}
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\$. <b>.</b> .	Ford Mator Credit B 91	Eurofina 7 5 92 FL	Afgebreistan         (Urb)         9925         59,4489         31,5833         44,1601         Creeniand (Dawtsh Krome)         11,9775         7,1743         3,8114         5,3292         Pers         Unto         59,468         173,3752         92,0840         17,4701         24,4834           Algeria         (Dimeria)         10,0306         6,0060         3,1919         4,46200         Eremate         (E,D,Y,9545         3,1919         4,46200         Eremate         (E,D,Y,757         6,3417         3,3691         4,7107         299,452         173,3752         92,1081         128           Algeria         (Dimeri 10,0306         6,0060         3,1919         4,46300         Eremate         (E,D,Y,757         1,34591         4,7107         199,452         173,3752         92,1081         128           Adgeria         (Dimeri 10,0306         6,0060         3,1919         4,46300         15,5875         1         0,5312         0,7428         198,03420         15,3420         16,8300         15,3400         0,5312         0,7428         198,0420         15,3460         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14         1,14	28,7875 5.2169 .4449
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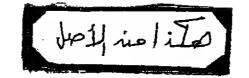
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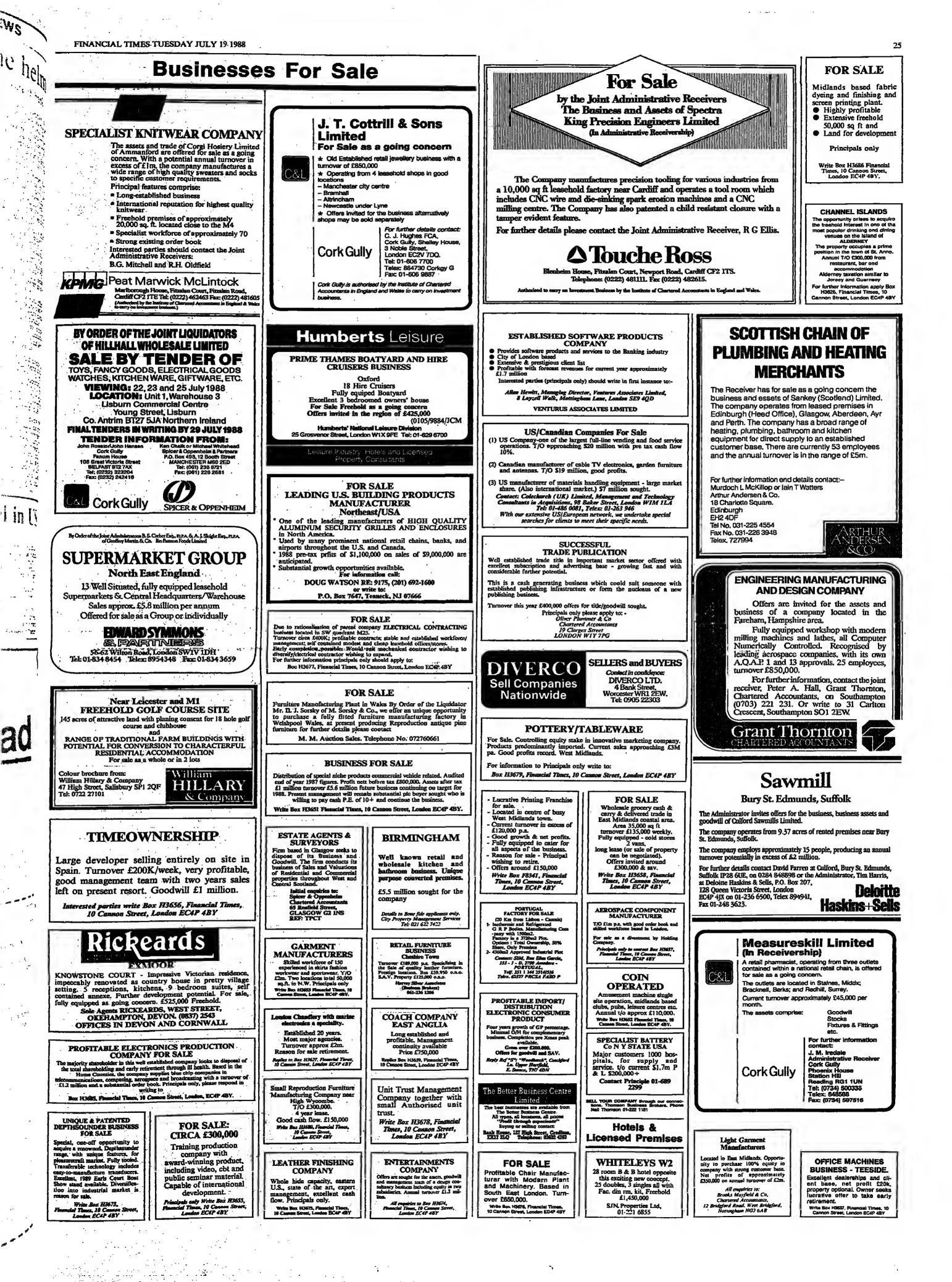
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## **UK COMPANY NEWS**

1988

# Smith & Wesson makes maiden contribution of \$16.1m

# Growth continues as acquisitions and organic expansion lift Tomkins to £47m By Ray Bashford

## TOMKINS. UK industrial holding company, boosted pre-tax profits 56 per cent from £30.1m to £47.1m during the year to April 30 as organic growth continued and Smith & Wesson, US handgun maker, made its first annual contribu-

26

Mr Greg Hutchings, the chief executive who has drawn on his experience at Hanson to lead a five-year campaign to convert Tomkins from a sleepy nuts and bolts group into an acquisitive mini-conglomerate, said the total dividend was being increased by 50 per cent to reflect an expected further improvement during the current 12 months.

The outcome was achieved on turnover 51 per cent higher at £312.3m, while earnings per share advanced 44 per cent from 15.32p to 22.01p. The rec-ommended final dividend is increased from 2p to 3.15p, lift-ing the total from 3p to 4.5p.

**DTI clears** 

No insider dealing prosecutions will arise out of

the Department of Trade and

Industry's investigation into the Shield Group, the small residential property developer said yesterday.

Shield's statement ended

months of uncertainty for investors in the Hampstead-based company which owns Stickley & Kent, North London

The company said it was ready to turn its back on the episode, but took the opportu-

nity to complain that the

investigation "had a dispro-portionate effect on the group's relationship with

Shield of

insider

dealing

**By David Waller** 

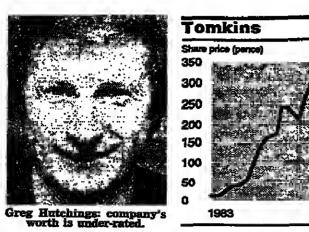
estate agents.

The directors expect current year turnover to exceed £600m as results from Murray Ohio Manufacturing enter the accounts, and existing operations expand. Murray, Tennessee-based manufacturer of lawmowars and bicycles, last month accepted a \$224m (£135m) takeover bid from Tomkins.

The funding of the takeover will erase Tomkins 270m cash reserve and give it a gearing of 12 per cent. Directors said they expect to return quickly to a positive position.

Smith & Wesson, acquired in May last year for \$112.5m, was included in the accounts for ten and a half months and made an annualised contribu-

tion of \$16.1m. The Smith & Wesson man-agement has been changed substantially while Tomkins has invested "considerable" sums in boosting production and quality to lift its share of



the US handgun market. acquired in October last year, Tomkins, for the first time, disclosed annual figures on organic profit growth. Taking out contributions from Smith & Wesson and Beaver Equippre-tax profits rose 24 per cent. The decision to release organic growth figures was due in part to sensitivity about crit-icism of the company's ability ment, a manufacturer of cylin-der grass cutting machinery to generate growth without acquisition. Mr Hutchings said

that he considered that the stockmarket was still underrating the company's worth. The shares closed yesterday 3p down at 239p. With the inclusion of Smith

& Wesson, the professional and consumer products division boosted its trading profit from £3.3m to £11.9m on turnover up from £22.9m to £91.6m. This division is set to expand

This division is set to expand further during the current year with the inclusion of Murray Ohio Manufacturing. The building products sector, created largely through the highly contested takeover of Pegier-Hattersley in 1986, lifted trading profits from £9.3m to 512.5m after a 23 per cent

E12.5m after a 23 per cent increase in turnover to £72.6m. The other major sector, the services to industry division, returned a 29 per cent rise in trading profits to £8.8m on a 20 per cent improvement in turn-over to £111.5m. See Lex

Queensway horse for Sir Phil if **Gulliver's** bid succeeds

#### By Maggie Urry

SIR PHIL HARRIS will have the right to buy a horse from Barris Queensway, the fami-ture and carpet retailer which he heads, if the agreed \$450m offer for the group from Lowndes, a new company chaired by Mr James Gulliver, goes through.

The horse, called Queensway Countryman, is leased to Sir Phil's friend, Mr David Broome, the showjumper, and is expected to compete in the Olympic Games this autumn. it will continue to carry the Queensway name for the rest of its jumping life.

According to Lowndes' offer document, posted to share-holders yesterday, Sir Phil will pay the market value for the horse. He will also be able to buy his company car at its cost to the company; to employ Mr Gordon Caldwell, Harris Queensway's finance control-ler, and up to three secretaries from Harris Queensway; and to negotiate terms to occupy space at the head office. Two of his boardroom col-leagues, Mr Tony Shanagher, finance director, and Mr King-sley Elton, assistant managing director furniture, will receive According to Lowndes' offer

director furniture, will receive payments of £150,000 and £85,000 respectively. Each will be able to bay his company car

vices for at least half his time for the first two years and 30 per cent of his time thereafter. Mr Eddie Dayan, who will become group managing direc-tor of Lowndes if the bid suc-ceeds, will be paid £250,000 a year, plus a bonus, and will have a three-year contract. In the offer document Mr Guillwar says he is confident

that Harris Queensway "can be transformed again into an exciting and dynamic retailer".

retailer". Sir Phil is leaving to head Questvast, a new company, which will buy Harris Queen-sway's 75 per cent stake in Harveys, a soft furnishings retailer, conditional on the hid going through. The price is £19m. Harveys" net assets are worth £3.9m and it made a trading profit of £469,000 in the 38 weeks to Jamuary 25. Separately, Harris Queen-

Separately, Harris Queensway announced the resigna-

Tony Ryan takes a 5% holding in **Bank of Ireland** 

By Kleran Cooks, Dublin Correspondent

MR TONY RYAN, Tipperary MR TONY RYAN, Tipperaty farmer and chief enecutive of GPA Group, the world's largest aircraft leasing company based at Shannon in the Irish Repub-lic, has been revealed as the mystery buyar of a large block of shares in Bank of Ireland, one of the Republic's two prin-cipal clearing bulks.

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cipal clearing banks. Mr Ryan amounced yester-day that he had bought 5 per cent of the issued capital stock of Bank of Ireland, an investof Bank of Ireand, an invest-ment of Ireand, an invest-on current market prices. Mr Ryan emphasised that the investment was made in a personal capacity and not on behalf of GPA. He said the share purchase was based on his conviction of the growing soundness of the Irish econ-ony.

soundness of the High econ-ony. "I have for some time been considering a strategic inves-ment based on ireland's devel-oping financial services indus-try. The acquisition of a significant shareholding in Bank of heland represents a sound investment of undoubted quality and growth potential," said Mr Rysn. Bank of heland's after tar

Bank of Ireland's after tax'

## Midland swap deal nearing completion By Richard Waters

MIDLAND BANK and Hongkong and Shanghai Banking Corporation are close to completing the exchange of parts of their overseas operations announced last November.

November. As part of the deal, Midland has bought HongkongBank's Concord Leasing (UK) for £14.25m and will merge the company with its own finance house subsidiary, Forward

Trust. The moves follow Hongkong-Bank's purchase last year of a 14.9 per cent stake in Midland, widely seen as the prelude to a possible full merger.

A change of plan, though, will leave HongkongBank with its UK branches, which origi-nally were to be absorbed into Midland. This was because the branches served specific groups, like the Chinese com-munity in the UK, and so would benefit from retaining their independence, said Mid-

 London-based export credit •HongrongBank has taken over Midland's Seoul and Sing-

cities are to be closed and their

said Midland, It will also result in a number of redundancies to prevent duplication or, in the case of new branches being set up by Midland, because the same local of business will be

handled by fewer staff.

## Atlantic Computer halted on bid talks By Philip Coggan

Just two years ago, there were five quoted companies in the UK computer leasing sector ATLANTIC COMPUTER, the Althentic controller, the last independent quoted com-puter leasing company in the UK, said yesterday that it was in the advanced stage of dis-cussions which might lead to an agreed bid for its equity. - Atlantic, Comcap, Dataserv, IBL and United Leasing. But a series of poor results sapped confidence in the sector and focused attention on the indus-try's accounting practices. The

Its shares were suspended yesterday at 364p, valuing the group at £317m. An announce-ment is expected today on the terms of the offer, which some City became concerned that companies were being over-op-timistic about how much residual value their computers analysts expect could value the would have when the leases group at as much as £5 per expired.

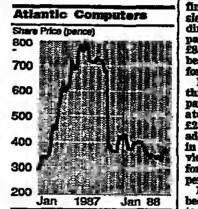
As confidence in the sector GEC owns 40 per cent of Atlantic's finance and property declined, it became more and more difficult for leasing companies to raise finance, Ration-alisation of the sector became inevitable. In a wave of take-overs, Dataserv was acquired by Bell South, US telecommusubsidiary, Summit and some analysts were speculating yes-terday that GEC could be the bidder. However, GEC had no comment on the rumours.

nications group; IBL and United Leasing by the Swiss group Inspectorate; and Com-cap was bought by Atlantic itself last year.

Atlantic has managed an unblemished record of profits growth since it joined the stock market in 1983. However, its last annual results, showing a 37 per cent jump in pre-tax profits to £38.2m, disappointed the market and analysts marked down their forecasts for this wear's profits from for this year's profits from 250m to £45m. The shares have

group's founder, in a motor racing accident last September.

also been depressed since the death of Mr John Foulston, the **OUSF & G Corporation, US** insurance group is acquiring



Megaleasing, unquoted UK computer leasing company See Lex

## Dee sells Spanish grocer for £30m By Nikki Tait

shareholders, share price and dealings with the press and public." DEE CORPORATION, grocery In February this year the DTI took the unusual step of disclosing that inspectors had been appointed last November

share.

way supermarket chain, is seli-ing DIGSA, its Spanish subsid-iary, to Ashley Industrial Trust for a net 530m in cash. Mr Tony Butler, previonsly director for planning and busi-ness development at Dee and also chairman of DIGSA has to investigate possible contra-ventions of the Company Secu-rity (Insider Dealing) Act 1985. The DTI said then that the resigned from the Dee board to become chief executive of Ashley, at present a near-shell company Also joining the board in a non-executive capacity is Mr James White, chairman of Bunzl.

group which includes the Gate-way supermarket chain, is sell-

chised shops and independent retailers in the Aragon, Cata-lonia and Madrid regions. It became part of the Dee group in the late-seventies, and in 1986/7 made trading profits

steady at 184p. Mr Butler declined to spell out the future strategy for Ash-ley except to say that further board appointments and acquiof £3.3m on sales of £131m. Dee, however, had already made clear that it was seeking vere planned

in cash, a small but profitable plywood subsidiary, and a battery business. The last is likely to be sold to manageby analysts as good for Dee. The market, however, was well aware of the transaction and yesterday Dee shares were ment

Mr Newman has resigned from the board and Dunster

Investments, which gave him and certain family trusts a 29.9 per cent equity interest in

for £1. If the 190p-a-share offer goes through, Mr Gulliver's com-pany, James Gulliver Associ-ates, will receive a fee of £250,000 each year, plus an additional fee from Lowndes, in return for Mr Gulliver's services for at least half his time

Gulliver says he is confident

land

terday were:

time.

profits for the year ended March 31 were 1862.7m, up 23 of GPA in 1975. The group new per cent on the previous year. has a portfolio of 115 sircraft Earlier this year Bank of valued at more than \$2bn.



5- 5.

Tony Ryan: the investment made in a personal capacity.

Ireland announced its inter-Hampshire Bank in the US for S70m (1222m). The deal is by far the largest purchase over attempted by an hish bank. Bank of Heland is currently wahed at 1570m. In a state

valued at 15720m. In a state-ment yesterday the Bank said Mr Ryan's purchase reflected confidence in Bank of Ireland's strength and the soundness of

its development strategy.

and project finance operations merged under the new name Midland Global Trade Services.

apore branches and Its mer-chant banking operations in Singapore and Hong Kong.

•Midland's West German investment bank, Trinaus & Burkhardt, has opened a branch in Hamburg to absorb HongkongBank's business in

Of mergers still to take place, HongkongBank's branches in eight European

business transferred to new or existing Midland branches, or The process will leave both banks paying about the same,

investigation was limited to dealings in the shares of Shield between December 1 1986, and March 20 1987. Oa the latter date Mr Gerald Ronson's Heron Corporation had agreed to inject £10m into the group via the establishment of a joint residential property venture called Heron Shield.

Shield's shares had been trading at 160p in early March, rising to 240p before the announcement of the Heron involvement, which prompted a further 25p rise to 265p. Later in the month they surged to a peak of 380p before failing back sharply in the Crash. News of the investiga-tion pushed them down 10p to 95p; yesterday, they edged up 2p to 93p.

The DTI never disclosed the precise parameters of its inves-tigation. Shield yesterday repeated its earlier assertion that none of its directors had been involved in insider dealing.

"It is hoped that sharehold-ers will benefit from the restoration of the Group's credibility," the statement continued. "Whilst the inquiry related to share dealings in the company's shares and not to any dealings or transactions by the company itself, there was an imnuendo which carried over wrongly to the Board."

Yesterday's statement from Shield was sanctioned by the. DTI, which said yesterday that it is investigatiog 15 other inside dealing cases, only three of which have been made public.

- Distribuciones DIGSA Giminez y Compania SA - has about 150 retail food stores, some 10 cash and carry branches and a delivered trade business to some 450 fran-

to sell DIGSA, when announced the disposal of the Linfood cash and carry busi-ness to Booker earlier this month, it reaffirmed that negotiations were underway over the Spanish operations.

Yesterday, Mr Alec Monk, chairman and chief execu-tive, said that Ashley's offer had been the best one in shape and speed and also the highest. The £30m sale price was seen

man, who previously helped turn "The Times" Veneer, wood products company, also little more than a shell, into Era Group. Ashley now has about £2m

He stressed that funding, comprising debt and equity, for the DIGSA deal was in place. Ashley, has reduced its stake by about one-third, selling shares to the incoming direc-He added that he had wanted tors. to leave Dee for about two

It may reduce further under the financing package. Mr Bui-ler now owns 20 per cent of the equity and Mr White, 5 per cent. "I shall be looking for a Ashley has been headed since April by Mr Robert Newnew vehicle," suggested Mr Newman yesterday. Ashley shares were suspended at 91p earlier this

month.

Sonic Tape joins Third

Market and raises £0.6m

tion of Mr Keith Beattie, personnel director. Ha will receive a compensation payment of an undisclosed amount.

**Parkfield** purchase

Parkfiald Group, the fast-growing mini-conglomer-ate, has augmented its already significant interest in the wheel industry by paying £3.9m in cash for GKI Interna-£2.51m (£2.59m). Against a £350,000 charge last time, there was no provision for taxation. The loss per 10p share was 9.7p (loss 10.2p) and there is no interim dividend.

23.5m in cash for GKI interna-tional's wheel manufacturing, subsidiary, Steel Stampings, Steel Stampings has about 10 per cent of the European truck and traffer wheel mar-ket, and about 20 per cent of the world off. http://www.wahicle the world off-highway vehicle wheel market. Last year, it homes concern. produced pre-tax profits of £690,000 on turnover of £19.4m. At March 31, it had net assets of £2.1m.

**Carless** expands

Carless, Capel & Leonard, cash-rich independent oil com-pany, has expanded its down-stream activities by buying Pentagon Chemicals, private chemical producer, for \$10m. The acquisition - the The acquisition - the group's largest this year -will comprise £3.6m cash and the issue of 1.21m fully paid shares. Carless has been awash with cash since the dis-posal in April of its minority stake in Calor's oil and gas embridiant Cantory Power & subsidiary, Century Power & Light, yielded £52m.

#### **DIVIDENDS ANNOUNCED**

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ndon Secsfin	0.5	Oct 3	-	0.5	<u> </u>
Takine		-	2	4.5	3
Groupint	2	Oct 11	1	•	- 4

£58m.

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue, fOn capital increased by rights and/or acquisition issues. SUSM stock. SSUnguoted stock. Third market

#### BOARD MEETINGS

penies have notified detes to the Block Exchange. In the Block Exchange. Individentia, Official Indica- licities as to whatter the inte or finals and the sub- low are based metaly on ge. TODAY Crispe, Widney, NR, Authority Inte, Brza- octock Agency, Jeck L	Arrichte Cartes A Coontite
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## Leisuretime falls halfway By Clere Pearson

LEISURSTIME International Shareholders had attempted vesterday reported pre-tax losses of £1.36m in tha six months to April 30, compared with losses of £887,000 last to block the sale to BET of Worldwide Dryers, the lossmaking warm-air hand-dryer business which was Leisuretime's dominant activity, and Turnover was down at

were defeated. The Jivrajs took a 29.6 per cent stake in Leisuretime and injected their Country Care nursing homes two months later.

The sale of Worldwide Dryers gave rise to an extraordi-nary credit of £4.45m in the This year's first half saw the Jivraj family buy control from the Aitken family and then set interim results. But Its operations up to its sale at the start of January contributed a loss of £309,000 to the pre-tax abont reorganising the company as a hotels and nursing figure.

### **Gandalf clarification** By Philip Coggan

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GANDALF TECHNOLOGIES, the Canadian computer systems group, yesterday clari-fied certain statements at the request of the Takeover Panel. The statements had been made in a recent bid circular to shareholders of CASE, the UK data communications company for which Gandalf is bidding £58m. GANDALF TECHNOLOGIES.

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entitled "CASE has got its facts wrong". Figures used for Gandalr's turnover and profit were calcu-lated by annualising the results for the first nine months of the year. Three of the clarifications

There were also two correc-tions to statements that Ganinvolved printing entire para-graphs - rather than selected dalf made in the circular. Hav-

"CASE's existing products. "CASE's existing products. such as the 860 Beeline and the new X.25 do not comply with these fundamental standards", Gandalf said the santence should have read "CASE's existing products, the 860, Bee-line and the new X.25 are not compatible with the concepts of ISDN".

The other correction involves CASE's systems divi-sion. Gandalf said that CASE expected the division to repre-sent only 10 per cent of turn-

over in 3 years. However, CASE had made that statement about its local area network division, not ins systems division.

The statement had little effect on CASE's share price, which fell just 2p to 87p years day.

July 25 July 29 July 29 July 28 July 28 July 27 Gandalf has until the end of this week to launch its widely expected increased offer.

**Optim makes debut on** USM valued at £7.2m **By Clare Pearson** 

DEALINGS START today in shares of Optim Group, the computer systems supplier, which has joined the USM via a placing valuing it at £7.15m. Optim's services are termed in the industry "turnkey", which means it takes full responsibility for installation

of hardware, design and imple-mentation of software, training and maintenance. Its 1,500 customers comprise hoteliers, retailers, and local authorities. Continental Securities (UK) has placed 4m shares at 60p each, representing 34 per cent of the enlarged capital. No shares have been sold by exist-ing shareholders. Optim has forecast pre-tax profits of not less than £500,000 on turnover of about £10m for

the year to October 31. In its last financial year it made £342,000 pre-tax on £7.86m turn-

# The present management

headed by ex-American foot-baller Mr Michael Brennan, was brought in after the com-pany fell into loss to the tune of £1.83m in 1984. Since then, Optim has moved out of the general purpose computer mar-ket, and made six acquisitions.

#### **BET** acquisition

BET, acquisitive international BET, acquisitive international support services group, has paid £10m for Pritchard Secu-rity, UK staffed security guard-ing operation of ADT - for-merly Hawley Group. The cost will be settled by the issue of 4.3m fully-paid shares. Mr Nicholas Wills, chief-executive, said the purchase put BET into the top ten secu-rity guarding operations in the UK and took them into the top

UK and took them into the top five in security as a whole.

2563,697 by means of a rights issne to enable it to bny Systems Connections, an inkjet printer distributor. In the first day of Third Mar-ket dealings yesterday, Sonic Tape's shares fell to a 1%p dis-count to the 15p rights issue price. The fail was attributed to selling pressure from exist-ing investors. The company had joined the now virtually

By Clare Pearson

ket in 1983. The 3.78m shares being issued by way of a one-for-four rights issue represent 20 per cent of the enlarged share capital. About 68 per cent of them will be used to acquire Systems Connections.

defunct over-the-counter mar-

SONIC TAPE, the sound measuring systems company which last year produced its first profit since 1982, has joined the Third Market. At the Sonic Tape's present man-agement was introduced in August 1986 after its total loss for the previous four years had reached £2.19m. It is forecasting a £110,000 pre-tax profit for the year to the end of this same time it has raised month, having achieved a £5,000 profit on £619,000 turn-over last time.

Stockbroker Robert Wigram arranged the Third Markat introduction.

TT leaps to £1m

TT Group, formerly Tyzack Turner, increased pre-tax prof-its to £1.03m (£355,000) in the six months to July 2. Turnover rose to £7.8m from £7.04m. A higher tax charge of £264,000 (£4,000) limited the

advance in earnings per share to 47 per cent, from 5.9p to 8.7p. The interim dividend is doubled to 2p.

## Southern Water unveils statutory company stakes By Andrew Hill

# A SECOND water anthority

has bought shares in statutory water companies working within its region.

Yesterday's announcement by Southern Water raises the possibility of public authorities building stakes in the 29 companies to counter the influence of private-sector investors, such as the French water suppliers.

Using nominee shareholders, Southern has, over a period of months, built up a 10.82 per cent stake in West Kent Water Company, and stakes of just under 10 per cent in Eastbourne Waterworks Company and Mid-Sussex Water Com-pany. At the end of March, the market value of the investments was £487,000.

Statutory water companies supply water under agency agreements with the 10 much larger authorities, which could be privatised as early as autumn 1989.

Southern would neither confirm nor deny that it used its shares last October to block a merger between West Kent and East Surrey Water Company, which is outside Southern's

area of supply. The merger proposal was put to West Kent's shareholders at an extraordinary meeting, but failed to get the required 75 per cent of votes in favour because at the last minute votes attached to a 15 per cent stake held by Cantrada nominees were cast against the proposal. Southern said it did bold

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shares in West Kent at the time, and had opposed the merger through statutory channels which allow such proposals to be referred to a public inquiry,

The scale of the stake-building surprised the companies, who believed such use of public money had to be authorised by Mr Nicholas Ridley, the Environment Secretary. He has

said only the courts can decide whether water authorities can invest in statutory companies. Southern said it did not want to see the companies disappear. It had acted following the 1986 Monopolies and Mergers

Commission report on the region, which said added efficiencies could be gained if Southern had full responsibil-

ity for the area's water supply. Mr David Gadbury, head of planning, said Sonthern wanted a closer working relationship with the companies, but was afraid any joint plans might be jeopardised by dra-matic changes in ownership of the companies' shares.

"We felt we needed to have some way of influencing future events," he added.

Meanwhile, in the light of reports that it plans to take over the three statutory companies in its region, Northum-brian Water Authority has said it would only seek a merger with their agreement, Last month Northumbrian

acouired what it described as "nominal" shareholdings in Kent

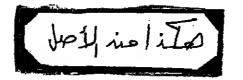
two companies - Newcastle and Gateshead and Sunderland and South Shields - both of which are challenging the 뀪 shares by not registering the holdings. Northumbrian has also considered buying shares in Hartlepools Water Company.

Major French water suppliers - heavily involved in bourne, but the Associated

Insurance Pension Fund, headed by Mr Duncan Saville, an Australian businessman, holds 17.2 per cent of Mid-Sussex and 20 per cent of West

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ers - heavily involved in stake-building and bidding for statutory water companies -have no declared interests in Mid-Sussex, West Kent or East-bourne, but the Associated Insprance Pencion Erned



## **UK COMPANY NEWS**

## Whitecroft raises £34m by selling builders' merchants By David Waller WHITECROFT, an industrial

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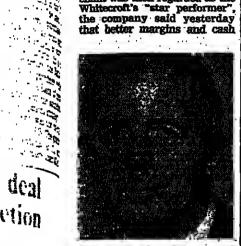
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holdings group with interests ranging from specialist textiles to lighting, is selling its build ers' merchants arm to Need wood Holdings, a private com pany, for £34m cash.

Operating from a chain of 26 UK outlets, the builders mer chant business contributed £2.3m - more than twice the previous year profit – to the group's pre-tax profits of f12.14m in the year to April. Turnover was £53m, and net assets stood at £13.6m at the

year end. Although the builders mer chant was then regarded as the Whitecroft's "star performer", the company said yesterday that better margins and cash



Tom Weatherby, chairman of Whitecroft

flow could be found on that manufacturing side of the building products market. Whitecroft already makes specialist doors and uPVC win-

dows, and has recently moved into textured coatings for home improvement with the \$5.4m acquisition of Wellcote. The aim is to use the divestment proceeds to expand in

these and other building products markets, although acquisi-tions and investment in the group's other activities have not been raied out. Shares in Whitecroff, one of

the first companies to fight off a bld from Hanson Trust (in 1976), added 7p to close at 309p yesterday.

SHARES IN AGB Research, Britain's largest market research company, were suspended yesterday as the company negotiated plans for its future with MAL the money-broking and advertising group.

By Philip Rawstorne

The talks are understood to have been precipitated by the loss of AGB's people meter" television audience measurement service contract with the US network, CBS.

MAI was the largest outside investor in the AGB project which has lost an estimated \$40m in a fierce market battle with tha established TV researcher, Dun and Brad-

BUOYANT PENSION business provided much of the new busi-

premiums up by a fifth from £81.5m to £38.1m.

However, single premium

business dropped nearly one-half from £390m to £215m.

New annual premiums from

company pension business climbed 40 per cent from £8.4m to £11.8m, all this coming from

group money purchase schemes – this latter business reflecting the effect of the Gov-

ernment's pension changes.

Single premium payments

almost doubled from £5.8m to

The group is currently pro-

£11.1m

ss growth for Sun Life Group in the first half of this year, which overall saw new annual

By Eric Short, Pensions Correspondent

stake in AGB, was preparing to play a much bigger role in AGB's business. street-owned AC Nielsen, during the past year. AGB, which is headed by Sir

AGB shares suspended as

talks with MAI progress

husing

week

Pension side boosts Sun Life

regular premiums.

cessing a considerable number of company money purchase schemes which, on completion, will produce over £10m of new

Sun Life also participated in

Actes business. One possibility understood to be under discussion is for MAI to inject its US market research division, Mediamark Research, into AGB in return for a much increased stake and management control Bernard Andley, who is also a member of the MAI board, declined to expand yesterday on its announcement that it was in "advanced negotia-tions" which would have "a material effect on the nature and scope of the company's management control. But AGB could face fall hids

for the company from other sources. Nielsen, itself, may be tempted, and there has been speculation that both Mr Mar-tin Sorrell's WPP group, and Reed International, could be interested in a takeover. Ms Ann Burdus, an AGB director, said that a full statement on the outcome of the negotiations would probably be made before the end of the

There has been speculation for some time that MAI, which already holds a near 9 per cent At the suspension price of 223p, AGB has a market capitalisation of nearly 196m.

## **DRG** sells its paper sacks outfit for £14m By Maggie Urry

DRG, stationery. packaging, office and print supplies group, is selling its paper sacks business for £14m in cash to Korsnas, a Swedish

The assets being sold are valued at less than £8m. The business, which has about 20 per cent of the UK paper sacks market, made pre-tax profits of about £500,000 in 1987, on sales of £25m. The sacks are sales of £25m. The sacks are used as packaging, of, for example, tea, potatoes, beet and milk powder.

Mr Moger Woolley, chief executive, said DRG was selling the operation because the market had been declining for some years. DRG's future in packaging lay in growth areas, he said.

In recent months DRG has spent more than £1m both

be completed by the time the deal goes through in early Sep

tember. Korsnas, which has two other paper sacks businesses in the UK ntilising paper it makes in Sweden, will see the benefit of DRG's work in sig-nificant cost savings. DRG's sacks business uses about 25 000 toppos of paper cath 25,000 tonnes of paper each year, and, Mr Woolley said, it made more sense for the oper-

ation to be owned by a paper maker. Mr Woolley said the pro-ceeds of the sale would be put towards DRG's £50m-plus capi-

tal expenditure programme and acquisitions.

He also confirmed that the Kuwait Investment Office had sold 4m DRG shares, reducing its 10 per cent stake to jus

packaging printer, is acquir-ing Brookside Design, a sup-plier of backing cards for skin and blister packaging, for £2,15m in cash.

## **Babygro takes £4.3m bid from** Robt Lowe as losses top £1.7m By Alice Rawsthorn

BABYGRO HOLDINGS, the troubled baby and children's wear manufacturer, has agreed to a £4.3m sbare exchange bid to a full the state of the solution one baby suits that bear its name, was founded in the early 1960s in a disused school house from the Robert Lowe leisurewear gronp. This is little more than a third of its value when it went public a year ago.

The Babygro share price slumped by 25p to 40p on the bid announcement yesterday and the disclosure of pre-tax losses of £1.75m in the first half, compared with profits of £400,000. The losses reflect problems of surplus capacity since last autumn when children's wear sales became slug-

gish and imports escalated. Mr Derek Hill, Lowe's chief executive, said that together the two companies could become "a significant force within children's and leisurewear" and that he expected Babygro to return to profit in the next financial year.

Babygro, which has become

in a Scottisb mining village. It expanded rapidly until the early 1980s when, like many other clothing companies, it fell into losses. It returned to profit after a management buy-out in 1983 and was capi-talised at £11.6m when it went

public last summer. Babygro has invested heavily in new capacity, opening two new factories in recent years. But the combination of luggish sales and increasing imports since last autumn have dampened demand from

its retail customers. It has since suffered from rising stocks, under-utilised plant and rising costs. Sales rose to 19.3m (18.7m) in the six months to May 1, but it made a trading loss of £1.5m (profit £60,000). At the end of last month Babyero closed one of its facto-

ries in the Irish Republic, with the loss of 175 jobs. Mr Eric Peacock, chairman, said the board had decided the com-pany's future would be more secure within a larger group. Lowe, advised by Rickitt

27

Mitchell, is offering three of its new shares - up by 1p to 194p yesterday for every 14 Baby-

gro shares. Together the two companies will have combined sales of about £45m and a workforce of 2,500. Mr Hill said the new group will be able to offer bet-ter resources to the retail multiples two fifths of its sales will go to Marks and Spencer and Storehouse – and that it should benefit from improved

purchasing power. He said that Babygro will be restored to profit by a combi-nation of improved financial controls and capacity cuts. It is likely that one of the two companies' ten factories will be closed.

By Andrew Hill COMPANY OF DESIGNERS is extending its range of disci-plines and geographical cover-age with the purchase of Sibley Robinson, Cambridge-based consulting engineer, for a max-

imum of £4m in shares. It is the group's first acquisition since coming to the USM in October,

There is an initial payment of £1.81m with further payments dependent on profits up to September 1989. Some 2.03m

First purchase by Designers new ordinary shares will be Mr John Taylor, chairman, said yesterday that this acqui-sition would allow the group, which already has a small issued to fund the acquisition, of which 1.31m, a little more than 10 per cent of the enlarged share capital, will be retained by the vendor, the bal architectural practice in Ips-wich, to establish itself in East

ance being placed with institu-Anglia. tional investors. Company of Designers, which grew from a linked fedthe group might acquire a corporate and graphic design company, reversing the trend of acquisitive design consultaneration of architectural practices, has been seeking to broaden its geographical base and design repertoire. cies, such as Fitch & Company, which are buying architects.

### SHARE STAKES

per cent).

Hey & Croft – North East Essex Building Co bolds 615,000 shares (8.15 per cent). Union Discount Company of London - Kuwait Investment Office has reduced its holding to 1.67m stock units. Optical & Medical Interna-tional – Mercury Asset Management has acquired 1.31m sbares, lifting its bolding to 8.4m (19.46 per cent). Hartwell – Cresscombe is now beneficial holder of 9.9m shares (12.57 per cent). Kunick – Electra Investment Trust has sold Im shares and

Linread - Anochrome Hold ings has acquired 175,000 shares taking its total holding to 1.21m (10.27 per cent), Hornby Group – Charterhall bolds 725,000 shares (9 per

In the longer term, be added

Camford Engineering - Markheath Securities is interested in 1.34m shares. Following companies have a notifiable interest in these shares, repre-senting 7.05 per cent -Adstream Finance and Investment, David Jones, David Jones (Australia), David Jones Finance and investment Sidney Cooke. Sidney Cooke Investment and Adelaide Steamship (UK).

10.000

The announcement appears as a matter of record only. It does not constitute or contain an offer or invitation to any person to subscribe for or purchase any securities of Norsk Hydro e.s.

By Eric Short A MIXED pattern of new business in the first six months The growth in new annual

of 1988 was reported by London and Manchester Gronp, Exeter-based insurance com-New annual premiums rose

nearly 60 per cent from £12.24m to £19.23m, most of the growth coming from pension sales. But single premium business, suffering from the after-math of Black Monday, declined by more than one-third from £38.28m to £24.04m.

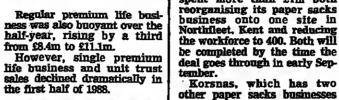
preminm business was achieved across all three operating divisions of the group. In the life broker division, new annual premiums rose 45 per cent to £7.1m, much of this

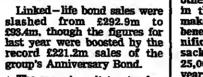
increase coming from buoyant sales of self-employed pension contracts. However, single pre-mium business declined by a third to £11.1m. New annual premiums from ordinary branch business in

hled to £3.5m, but new annual premiums in the industrial branch were static at £3.2m. Spectacular progress was

achieved in the pensions divi-sion following the implementa-tion of the Government's radical pension changes. Sales of the relaunched flexi-

ble gronp money purchase scheme, COMPASS, led the pensions sales boom which saw new annual premiums more than double to £5.4m. the home service division dou-





the pre-July sales boom of self-employed pension contracts, before these were replaced by the new style personal pensions. New annual premiums rose by half from £2.7m to £4.1m, though single premiums declined over the period from £19.7m to £18.7m.

The group's unit trust sales The group also experienced a decline in individual pensions in common with the general trend in the industry, suffered from the effects of last Octobusiness for directors and executives, with new annual premiber's stock market crash on ums down from £12m to £11.1m investor confidence. Sales totalled just £35.5m against and single premiums dropping from £46.4m to £36.6m.

£126.8m in the first half of 1987.

Mixed first half for L and M

**Jarvis Porter** Jarvis Porter, label and

and the start of the start of the

cent).

Changes in the following

ment Trust - Bylock Invest-ments has purchased 4.05m capital shares (22.36 per cent) increasing its bolding in the capital shares to 22.98 per cent.

Breedon - Evered has acquired 300,000 shares repre-

Fund holds 806,000 shares (22.8

company share stakes bave been announced: Moorgate Investment Trust Bylock Investments bas pur-chased 2.89m shares (20.69 per **General Consolidated Invest-**

senting 2.13 per cent and now controls 8.32 per cent. Chamberlin and Hill - Greene and Co Discretionary Unit

cent).

now controls 10.36m sbares (10.62 per cent).

over 6 per cent. He said he did not know who had bought the shares, and that DRG had not been notified of any new 5 per cent stakeholder.

Norsk Hydro a.s

**Global Offering of Rights** to Subscribe for 17,116,164 Ordinary Shares

## **Subscription Price NOK 150 Per Share**

### **Rights to Subscribe for** 6.386.494 Ordinary Shares

### This portion of the offering was underwritten outside the United States by the undersigned.

### Goldman Sachs International Corp.

Amsterdam-Rotterdam Ben	k N.V.
Bergen Bank	. '
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Credit Suisse First Boston Limited	Dres
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Morgan Grenteli Securities Limited	
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Yasuda Trust Europe Limited Bay	erisch
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June 1988

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dner Bank Fondsfinans a.s - Generale Bank IBJ International Limited **NicLeod Young Weir Limited** LTCB international Limited The Nikko Securities Co., (Europe) Ltd. PKbanker S.I.F.I. International Ltd. Sumitomo Finance International Yamaichi International (Europe) Limited adoutsche Landesbank e Vereinsbank Aktiengesellechaft BHF-BANK Chase investment Bank ske Bank Götabanken Investment Banking Hill Capital Markets (UK) Ltd. Norddeutsche Landesbank R. Matzler seel Sohn & Co. Vereine- und Westbank Aktiengesellschaft Handelehankan Group ÷\_. 

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**Rights to Subscribe for** 

2,000,000 Ordinary Shares

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Morgan Stanley & Co.

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Wertheim Schroder & Co.

Arnhold and S. Bleichroeder, Inc.

A. G. Edwards & Sons, Inc.

Thomson McKinnon Securities Inc.

Butcher & Singer Inc.

Howard, Weil, Laboulsse, Friedrichs

Johnston, Lemon & Co.

Sutro & Co.

## **Global Co-ordinator**

### Goldman Sachs International Corp.

The Kingdom of Norway subscribed for the 8,729,670 Ordinary Shares to which it was entitled, and these shares were not underwritten.

## COMMODITIES AND AGRICULTURE

## Hawke in crisis meeting on coal exports

By Gerard McCloskey in London and John Van Os in Sydney

Australian prime minister, is due to sit down for a crisis meeting tomcrrow with Mr Nick Greiner and Mr Brian Austin, the New South Wales and Queensiand premiers, to try to unscramble the mess into which the country's coal

28

Two national miners' strikes have stopped all coal produc-tion in three of the last four weeks and the industry faces the prospect of more disruption over the weeks ahead.

Coal export stocks have been reduced to extremely low lev-els and already colliers are waiting to load off all the major coal harhours in New South Wales and Queensland. A series of companies have declared force unsignue on their declared force majeure on their deliveries and most of those who have avoided this embarrassment have avoided this enhalt rassment have told customers to expect delays. Both the Cen-tral Electricity Genereting Board and British Steel have been told to expect some

THE LONDON Metal Exchange's decision to bow to customer pressure and increase the number of prompt, or delivery, dates for a 6-month trial period was not universally acclaimed hy exchange members yesterday. Pressure for change came

Pressure for change came

from the International Wrought Copper Council, among other organisations, which suggested that the LME's extension of trading to

15 months and the introduction

of options frequently concen-trated too much activity into one particular day each month,

thus causing extreme price vol-

Currently only the third Wednesday of each of the for-ward months (beyond three months) is a delivery date. Now the exchange will have a

formal prompt date every

atility.

By Kenneth Gocding, Mining Correspondent

MR BOB HAWKE, the rather than on steam coal for electricity generation, although GKE, the Dutch utiltial number of Australian con-tracts. In Asia both coals are in high demand. Australia provides nearly half Japan's coking coal imports and well over half its steam coal needs.

> In a confidential memoran-In a confidential memoran-dum sent out to all the coal companies Mr John Kerin, the Minister for Primary Industries and Energy, listed the stocks at each port and the tonnage needed to load. Overall 2.7m tonnes were required to load ships either at ports or waiting to load while only 840,000 tonnes stood at the ports. Export stocks et the mines and the ports were estimated to be in the 2.5m to 3m tonnes range. A year ago these stocks stood at 17m tonnes.

idays.

stance

Coal production is also falling. Some export mines have been squeezed out of business because of low world price lev-els. Output of saleable coal in the year to the end of June was delays on their imports. In general, Europe is more dependent on Australian cok-ing coal for steel production delays on their imports. delays on their imports. In general, Europe is more dependent on Australian cok-ing coal for steel production

However, some exchange

members suggested yesterday the change could have entirely the opposite affect to that intended and reduce liquidity and increase price volatility. They pointed out that there

are very few market makers of

LME change has its critics

September 1.

**Tin stocks** run-down on schedule - ATPC

pass withont further disrup-By Wong Sulong in tion it will be months before Kuala Lumpur new coal purchases from Australia will be easy to come by.

One major New South Wales THE ASSOCIATION of Tin exporter said at the end of last week that he believed that no one was offering coal for ear-her than October availability. Producing Countries has said that exports by its seven mem-bers are within quotas of its supply rationalisation scheme, and the world's tin overhaug, and that it would be another 12 months before the industry righted itself. which stood at 47,600 tonnes last April, should be depleted within the anticipated 2-year

The disruption at the mines centres on a bid by the New South Wales and Queensland coal associations to win a sev-en-day working week, 52 weeks a year. Currently, coal is pro-duced only five days a week with a four-week break for hol-idays. time frame. time frame. The ATPC executive commit-tee, which ended a meeting here last Friday, expects the tin price to be between 19 and 20 ringgit a kilogram in the latter part of this year. The big worry is that at these prices Brazil could he tempted to raise exports beyond the 25,500 tonnes it had promised to abide by. Brazil and China are not members of the ATPC, although they have observer status.

"We are all becoming experts in the force majeure clauses in our contracts," he added. If is difficult to know what the meeting of the premiers can achieve. Mr Hawke - Ausstatus. tralia's most noted ex-trades union official - has adamantly

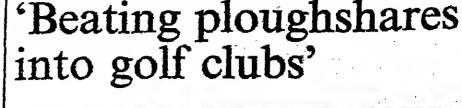
status. "Brazil is the joker in the pact" said a Malaysian dele-gate. "Its production cost is amongst the lowest because of its rich grades, and it can expand production quite rap-idly, given the financial incen-tives."

tives The tin price on the Knale Lumpur market yesterday fell by 15 cents to 18.68 ringgit a kilogram, which is 1.5 ringgit higher than prices at the start of the year

of the year. The Malaysian delegate said mines which had remained closed since the tin market col-lapse in late 1985, were unlikely to reopen unless they were convinced that the price would remain above 20 ringgit. "At current prices, they would prefer to wait until the over-hang is whittled down further, as restarting a mine is expen-sive and takes several months," he said. The ATPC said exports of its members during the first year of the supply rationalisation scheme was 35,100 tonnes com-pared with the agreed quota of 96,000 tonnes. Members are allowed to export up to 101,900 mines which had remained

allowed to export up to 101,900 tonnes for the second year, starting last March.

The association also called for early establishment of the proposed international tin



Sir Geoffrey Howe, Britain's Foreign Secre-tary and a fervent sup-porter of freer trade in agricul-ture, declared last week that one of the ways to cure the world of the ills of subsidised farming was to "start heating

ploughshares into golf clubs." Speaking of the negotiations aimed at a revised General Agreement on Tariffs and Trade in Geneva, be mged all advanced countries to discover

advanced countries to discover ways of promoting the health of their rural communities which did not depend on the artificially-protected produc-tion of food surpluses. "The signal to farmers and to the markets is clear," he said. "The scandal of soaring costs at the expense of tarpay-ers, consumers and the devel-oping countries is at last being brought under control." He went on to instance the He went on to instance the

He went on to instance the impressive reduction in EC dairy intervention stocks: the declining butter mountain, which had shrunk by almost half in the year to April; and skinned milk powder stocks, which were down by 87 per

Sir Geoffrey is well aware, of course, that the reduction in surplus milk production has nothing to do with the market nor the diversion of land to

nor the diversion of land to non-farming uses. Smaller milk BC milk sur-pluses can be attributed entirely to production quotas, progressively cut since they were introduced on April 1, 1984. And many farmers believe they provide the pat-tern for tackling some other commodities in surplus, such as cereals. as cereals.

While we await the millen-nium of Sir Geoffrey's free market, however, the main planks of official policy remain price restraint, plecemeal pro-posals to attract a few farmers to set land aside and diversifi-cation. And pert week the last of those will be given further

encouragement From August 1 UK farmers will be able to apply for grants towards feasibility studies into diversification plans. Rates of grant will be 50 per cent of the cost up to a total of £10,000 for groups or £3,000 for individu-als. In addition grants towards. marketing costs may be paid



cent over the first three years of a project.

of a project. Announcing details of the new grants, Mr John MacGre-gor, the Minister of Agricul-ture, suggested the types of enterprise which would be eli-gible. They ranged from on-farm processing of produce to pick-your-own; from craft work to cattering. Like Sir Geoffrey, Mr MacGregor appears to be convinced that these kinds of non-conventional farm activi-ties will belt the fail in farm incomes. tocomes

ers; describe pack-your twin fishis; empty farm house ball-day bedrooms; and rabbit farms which seemed like a good idea once but proved unprofitable when the animals failed to breed like rabbits are failed to bread like rabbits are supposed to do. Another hright idea which appears to be suffering the same fate is mohair production from angors goets. A year ago importations of breading stock were auctioned for a faw thou-sand pounds aplece. This year a similar consignment failed to make as many hundreds and many animals remained unsold. So far llamas and other Indeed a couple of months ago Mr MacGregor claimed that off-farm income made up 40 per cent of UK farmers' total returns. The National Farmers' Union responded by pointing out that less than half of this came from other trades or earnings and that much came from pensions and invest-

from pensions and invest-ments. "There is no sound basis," said Mr David Naish, the NFU's deputy president, "for the Minister's implication that farmers can easily make up the income they lose through price cuts by diversifying." He further claimed that lat-cet inlead Researce data for nnsold. So far llamas and other camelids, also kept for the fibre in their costs, seam to be holding their value. The intest novelty to attract attention is edible snails. UK demand, we are told, has reached is 70 tonnes per year and is still growing. In addition there is a potential to export to France where the mollunce are said to be in aboxt supply. The truth is that while disce.

est Inland Revenue data for 1964-85 showed that nearly half of all farmers had a total income of less than \$5,000 per year, when the national aver-age was over £8,000, and the average earned from off-farm employment was less than \$300.

According to the Ministry of Agriculture's own figures, released on July 4, since the farm diversification grant scheme was first announced on scheme was first announced on November 18, 1987, applica-tions from English farmers had totalled 574, of which 182 had been approved. These covered planned investments totalling 53.4m, hardly enough, I sug-gest, to reverse the failing for-times of an industry with a total output valued at around £12m per year. Nevertheless the possibilities for farm diversification con-

generous and farm production is hardly affected. The only trouble is that many farmers attempting it come up against the "not in my back yard" attion a reducing scale of 40 per for farm diversification con-cent, 30 per cent and 20 per time to attract publicity out of tude - something some mem-bers of the Cabinet certainly

action on set-asides By Bridget Bloom

urges

BRITAIN. West Germany and the Netherlands are the only countries formally to have net the European Community's deadline for introducing nation-wide voluntary schemes to take land out of agricultural methods.

MacGregor

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all proportion to their rele-vance or potential. Most anjoy a brief period of intense inter-est and high profits for their originators before the necessar-ily limited new markets become oversupplied. All over Britain there is a scattering of failed worm farm-ers; descried pick-your-own failer empty farm house holi-The so-called set-side schemes are designed perticu-larly to take marginal cereal land out of production and thus help reduce both the #C's cereal surpluses and its budget deficits.

cerest surpluses and its outget deficits. Announcing final details of the British plan yesterday Mr John MacGregor, Ministar of Agriculture, said that the late introduction of the schemes throughout the Community seemed bound to mean low participation by farmers, at least for the first year of the five year scheme. However, most member sistes had now produced out-line proposals, even if these had not yet been approved by the Commission in Brussels. Though he refused to spell out targets, Mr MacGregor said there had been a high level of interest from British marginal farmers in particular. All EC governments ware required to introduce set-side

required to introduce set-saide plans by July 14, in time to affect next season's planting decisions by farmers. The Com-mission has laid down common rules, but has allowed member states to vary compensation

states to vary compensation payments to farmers. Britain has offered up to £200 a hectare, depending on the quality of the land. Just over 40 per cent of this will be paid by the BC. Mr MacGregor said yesterday. French payments will be similar - with a "pivot" of FFr 2.000 (£190) per hectare, plus or minus 20 per cent. Said to be in anor suppry. The truth is that while diver-sification will undonbtedly make sense for a tiny mhority of farmers who happen to be first cuto an idea or who live close to an exploitable popula-tion, the rest of us will have to do our best to make a living from producing cereals, sugar hest, milk and meat. cent.

cent. By contrast Germany, which is the ataunchest supporter of set-aside, has set limits of hetween Ecn 296 (£196) and Ecu 600 (£396)a hectare. Yesterday Mr MacGregor unged farmers to register their have scars for arable some

base areas for arable crops grown in 1967-88. Even if they did not want to participate in the set-aside scheme this year. they could then do so in subsequent years.

## week, on Wednesday in the fourth fifth and sixth months, for a trial period starting on US may have to raise sugar imports

<u>;</u>,

By Deborah Hargreaves in Chicago

SPECULATION surfaced again 400,000 to 600,000 tonnes from York have soared above the US yesterday that the US Depart-ment of Agriculture will be tonnes. York have soared above the US per lb. forced to raise next year's sugar import quota because of

forward copper (two or three) and aluminium (four or five) and the increase in prompt dates would make their task much more complex. Without their willingness to assume hours last week. risk positions on the forwards market, liquidity would suffer, it was claimed. An increase in the number of delivery dates would not solve the root cause of the lack of liquidity – that supplies of metal were not keeping up with demand, said the critics. However, other exchange a year's time.

The exchange also insisted there was no chance it would change its mind sbout the staudard-grade aluminium con-tract which will be phased out by the end of this year. members argued that if the LME was made more ettractive for consumers to use, it might attract more metal.

study group, to take over the collection of statistics and act as a forum for producers and consumers, in view of the impending demise of the Inter-national Tin Council.

## LINE WAREHOUSE STOCKE (Change during week ended test Friday) tonnes

'Green' drachma row still holding up price package By Tim Dickson in-Brussels-

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refused to side with the miners until now, and there is no rea-son why he should change his

Even if the next few weeks

last year, except for a few

The LME has resisted calls to change the underlying cur-rency of its copper contract from pounds to US dollars but will reconsider the decision in

drought-damage to the US stocks tight, any increase in sugar beet crop.

Although sugar beet is usu-

US imports could push world prices even higher than their ally able to withstand severe current levels. In spite of conditions, analysts have esti-mated crop losses this year st sugar futures prices in New

With worldwide sugar export The USDA ha comment on any it may be givin import quota, bu strong lobby fro ers, which are ru somulies

as declined to y consideration g to the sugar it it is facing a ym some refin-	Aluminium high orade Copper Grade A Land Nickel Zinc Tin	+8,450 +3,425 -822	to 50,450 to 103,725 to 66,650 to 3,312 to 33,760 to 15,055	
mning short of	Silver (oz). + 82,000	to 1	14,914,000	

×.

### showing little sign of conceding Greek demands for a more substantial devaluation of the Green drachma. The issue, which has held up agreements on this year's farm

nated yesterday's meeting of EC farm ministers in Brussels. Mr Frans Andriessen, the EC's agriculture commissioner, appeared to be standing firm in the face of Greek pressure for a

EC budget an estimated additional Ecu 70m (£46m). Britain's farm minister Mr John MacGregor and his Dutch counterpart Mr Gerrid Braks both insisted that they could

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beet, milk and meat,

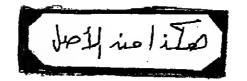
The best diversification of all, of course, is to sell a few acres of land for development.

Costs are minimal, returns are

promise.

One idea for splitting the difference between the Commission's "final" offer and the Greek position attracted some support.

mateu trop tosses this year at su	gar futures prices in New suppli	es.	- agreements or	I this year's tarili the face of Greek pr	essure for a Dorn Insisted that they	could support.
		wc	ORLD COMMODITIES P	PRICES		
London Markets	COCOA E/tonne	LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)	New York	COTTEE "C" 37,500/bs; cents//bs	MAIZE 5,000 bu min; cents/56/b bushel
COPPER prices fell sharply on the LME	Close Previous High/Low	Close Previous High/Lt	w AM Official Kerb close Open Interest	GOLD 100 troy cz.; \$/troy oz.	Close Previous High/Low	Close Previous High/Low
yesterday, end cash metal closed at e	Jiy 977 965 Sep 981 997 1004 966 Dec 980 997 897 966	Aluminium, 98.7% purity (5 per tonne)	Ring turnover 3,000 tonce	Cicee Previous High/Low	Jul 195.00 135.50 196.00 195.00 Sep 135.47 136.29 536.85 136.30	Jul 303/4 333/4 308/0 297/0
discount to three-month metal for the first time since Merch last year.	Dec 990 997 997 966 Mar 990 999 998 988	Cash 2540-60 2645-65 3 months 2480-60 2560-60	2590-605 2515-35 2450-70 7,180 kots	Jul 457.8 440.2 0 0	Dec 135.13 134.91 136.90 134.65	Sep 328/0 343/0 528/0 328/0 Dec 332/4 347/4 332/4 332/4
elthough a discount was briefly	May 1004 1014 1012 1002	Aluminium, 89.5% purity (£ per torune)	Ring turnover 23,600 tonne	Aug 458.8 441.3 440.2 456.1 Sep 441.8 444.1 444.0 444.0	Mar 133.58 133.75 134.90 133.25 May 132.25 133.25 133.25 133.25	Sep         328/0         343/0         528/0         328/0           Dec         332/4         347/4         332/4         332/4           Mar         332/0         347/0         332/0         332/0           May         332/0         347/0         332/0         322/0           Jul         318/4         0         318/4
registered during trading e week ego. Dealers said the prices were driven	Jul 1022 1030 1025 1020 Sep 1041 1048 1048 1039	Gash 1450-5 1510-20 1490/14		Oct 444.5 447.0 445.9 440.5	May 132.25 133.25 133.25 133.25 Jul 130.50 133.00 0 0 Sep 130.25 151.25 0 0	Jul 319/4 334/4 0 319/4
down by sporadic liquidation and the	Turnover: 5324 (8263) Jots of 10 tonnes	3 months 1405-8 1455-60 1460/13 Copper, Grade A (E per tonne)		Dec 450.1 452.8 451.4 445.8 Feb 455.8 458.3 457.0 457.0	Dec 130.00 129.50 0 0	Sep 285/4 300/4 0 285/4 Dec 263/4 278/4 263/4 263/4
strong rally in sterling. LME stocks of Grade A metal rose last week by an	ICCO indicator prices (SDRs per tonne). Delly price for July 18: 1238.57 (1230.40) .10 day ever-	Cash 1248-6 1303-4 1272/12	Aing turnover \$3,350 tonne 55 1270-0.5	Apr 481.6 484.0 462.5 458.5 Jun 487.8 469.8 0 0	SUGAR WORLD "11" 112,000 lbs; centa/lbs	
unexpected 3,450 tonnes to a total of	age for July 19: 1250.43 (1248.16) .	3 months 1256-6.5 1293.5-4 1281/12		Aug 473.3 475.8 0 0	Close Previous High/Low	WOREAT 5,000 bu gain; centa/00lb-bushel
104,525 tonnes — the highest level held since eerly October 1987, Cash	COFFEE Entoane	Copper, Standard (E per totale)	Ring turnover 0 tonne	PLATINUM 50 HOY OF STOY OF	Oct 14.61 15.23 14.30 14.30 Jan 15.09 15.71 14.00 13.10	Latest Previous High/Low Jul 369(4 364/D 374/D 360/D
metal closed down £55 at £1,248.50 e	Class Previous High/Low	Cesh 1215-20 1270-5 3 months 1215-20 1255-60	1240-5 1240-5 39 jota	Latest Previous High/Low	Mar 13.05 13.72 18.35 12.70	Sep 380/0 393/4 384/0 373/4
tonne, a discount of £7.75 to the three-month price. Aluminium prices	Jiy 1062 1056 1056 1050 Sep 1083 1079 1085 1070	Silver (US cents/fine ounce)	Fling turnover 0 oza	Jul 542.0 548.3 542.0 541.0	May 12.87 13.57 13.00 12.87 Jul 12.80 13.10 12.96 12.80 Oct 12.28 12.78 12.37 12.28	Mar 395/4 407/4 396/4 387/4
also moved sharply down. Meanwhile,	Nov 1033 1084 1096 1060 Jan 1105 1107 1108 1095	Cash 712-5 725-5 3 months 725-9 738-41	720-1	Oct 552.5 554.9 554.0 548.0 Jun 559.0 680.3 589.0 549.0	COTTON 50.000; cents/ibs	May 375/2 392/4 380/0 372/4 Jul 355/0 365/0 365/0 357/0 345/0
cocoa prices eased, reflecting a shift in sentiment after reported tvory Coast	Mar 1110 1124 1120 1107 May 1132 1136 1131 1125	3 months 725-0 738-41	735-7 725-30 541 lots Ring turnover 7,875 torine	Apr 587.3 587.3 686.0 588.0 Jul 588.0 574.6 558.0 588.0	Close Previous High/Low	
sales last week, dealers said.	Turnover: 3059 (3289) lots of 15 tonnes	Cesh 359-60 361-3 359/368			Oct 57.28 57.71 57.30 58.20 Dec 56.88 59.27 55.96 54.95	LIVE CATTLE 40,000 lbs; cents/lbs
SPOT MARKETS	ICCO indicator prices (US cents per pound) for July 15 :Comp. daily 113.82 (114.68); . 15 day	3 months 361-1.8 364-5 352/360		SELVER 5,000 troy oz; cents/troy oz.	Mar 38.81 56.90 36.96 35.80	Latest Previous High/Low
Crude cli (per barrel FOB September) + or -	average 114.14 (114.38).	Nicicel (5 per tonne)	Bing turnover 774 torne	Close Previous High/Low	May 57.50 87.45 57.26 88.35 Juli 57.75 57.92 57.75 57.18	Aug 65.17 64.27 65.70 64.25 Oct 67.95 66.97 66.47 66.20 Deo 70.70 70.97 72.00 68.47 Feb 71.80 72.37 72.06 70.87
Dubal \$13.35-8.46y +0.875	SUGAR (\$ per tonne)	Cash 14200-50 14200-300 14275/1/ 3 months 14000-100 14020-40 1400/13		Jul 715.0 731.0 720.0 712.0 Aug 718.0 734.5 0 0	Dec 57,40 57.87 67,40 67.15	Oct 67.95 60.97 68.47 68.20 Deo 70.70 70.97 72.00 68.47 Feb 71.90 72.37 72.95 70.87
Brant Glend \$15.05-5.15z +0.875	Rear Close Previous High/Low	Zinc (£ per tonne)	Fling turnover 7,275 tonne	Sep 722.5 766.0 731.0 717.0 Dec 738.7 755.5 747.0 734.0	ORANGE JUICE 15,000 lbs; cents/lbs	Apr 72.80 74.10 74.25 72.60
W.T.I. (1 pm est) \$15.70-5.75z + 1.00	Aug 347.00 360.00 355.80 345.00 Oct 329.80 346.60 342.00 325.00	Cash 724-6 732-4 732 3 months 711-2 714-5 724/707	752-3 718-20 707-8 24,109 jabs	Jan 744.0 780.5 0 0 Mar 755.7 772.2 784.0 750.0	Close Previous High/Low	Aug 70.05 71.55 71.35 70.05
Of products	Dec 312.00 330.00 315.00 311.00 Mar 295.40 311.00 303.60 291.00			May 767.0 783.5 0 0	Jul 204.25 195.60 200.80 195.90 Sep 188.40 184.15 188.50 182.50	LIVE NOGS 30,000 lb; cents/lbs
(NWE prompt delivery per tonne CIF + or -	May 286.00 302.00 293.00 285.80	SOYABZAN MEAL S/tonne	LONDON BULLION MARKET	Jul 778.8 795.3 787.0 777.0 Sep 780.7 807.2 791.0 791.0 Dec 806.7 825.2 0 0	Sep 786.40 184.15 186.50 182.50 Nov 179.45 176.60 179.85 176.80 Jan 171.50 170.00 171.50 189.05 Mar 184.80 184.50 180.25	Close Previous High/Low
Promium Gasoline \$180-182 + 1	White Close Provious High/Low	Class Previous High/Low	Gold (fine oz) \$ price E equivalent	Dec 806.7 825.2 0 0	Mar 169.90 169.50 169.75 169.50 May 168.65 167.50 167.50 167.50	Joi         46.17         45.27         46.33         45.85           Aug         44.32         44.37         44.62         43.80           Oct         40.85         41.82         41.85         40.80           Dec         43.40         44.82         44.15         40.85           Feb         47.67         48.17         48.25         47.67           Apr         47.67         48.17         48.25         47.67           Jui         52.19         53.56         52.15         52.05
Gas Oil \$129-131 +5 Heavy Fuel Oit \$65-67 + 1.5	Oct 340.00 353.00 351.00 337.00 Dec 337.00 352.00 348.00 347.00	Oct 177.50 191.30 187.00 177.10 Dec 170.00 194.60 180.00 178.00	Cices 435 <sup>1</sup> 2-435 290 <sup>1</sup> 2-261 Opening 437 <sup>1</sup> 3-438 <sup>1</sup> 4 263-253 <sup>1</sup> 2	COPPER 25,000 Ibs; cents/ibs	May 165.65 167.50 167.50 167.50 Jul 167.65 166.50 0 0 Sep 167.65 166.50 0 0	Aug 44.32 44.57 44.62 43.60 Oct 40.85 41.62 41.65 40.80 Dec 43.40 44.62 44.15 43.10
Naphtha \$139-141 +3 Petroleum Argus Estimates	Mar 336.00 350.00 344.00 312.00 May 336.00 348.00 343.00	Feb 186.00 198.50 193.00 186.00	Morning fix 437.65 263.248	Close Previous High/Low	Nov 157.65 166.50 0 0	Dec 43.40 44.82 44.15 43.10 Feb 47.67 46.17 48.25 47.67 Apr 47.40 48.90 48.25 47.67
Other + or -	Aug 336.00 348.00 Oct 335.00 346.00 235.90	Apr 192.50 196.50 192.60 Turnover 289 (340) lots of 100 tonnes.	Afternioon fix 455.65 280.323 Day's high 487.14-488.14	Jul 95.00 96.60 96.60 96.70 Aug 94.30 94.10 0 0	Chicago	Apr 47.40 48.90 48.00 47.40 Jul 82.10 53.56 52.15 52.05
Gold (per tray oz) \$435.75 -2.50	Turnover: Raw 9669 (9990) jots of 50 tonnes.	terrerer and terrer to the terrerer	Day's low 434-434 12	Sep 92.70 92.55 92.80 90.20	SOYABEANS 5,000 bu min; cents/30th bushet	
Silver (per troy oz) 716c -12 Ptatinum (per troy oz) 3540 -5.25	White 1128 (1137) .	FREIGHT FUTURES \$10/Index point	Coine \$ price £ equivalent .4 US Engle 44812-45812 208-271	Dec \$2.30 \$3.05 \$8.80 57.50 Jan 55.30 57.90 \$8.40 66.40	Latest Previous High/Low	PORK BELLES 36,000 EN; Centario
Palledium (per troy oz) \$123.75 -3.00	Paris-White (FFr per tonne): Oct 2135, Dec 2130, Mar 2120, May 2130, Aug 2135 Oct 2145	Close Previous High/Low	Mepidical 44812-45312 268-271	Mar 85.50 45.55 36.80 85.00	Jul 873/0 994/4 900/0 875/0 Aug 946/4 991/4 945/4 945/4	Close Previous High/Low Jul 38.65 37.30 37.46
Aluminium (free market) 52600 -110 Cooper (US Producer) 1055107c	GAS OIL S/Ionne	Jly 1220 1205 1220 1209 Aug 1340 1310 1340 1320	Krugerrand 434-437 258 2-261 2	May 85.00 84.05 86.50 84.00 Jul 83.50 82.55 83.60 83.00 Sep 82.00 51.25 82.00 61.50	Sep \$41/4 988/4 \$41/4 941/4	Aug 35.97 36.92 37.06 34.05
Lesd (US Producer) 36c Nickel (free markel) 650c	Close Previous High/Low	Aug 1340 1310 1340 1320 Oct 1435 1427 1445 1425 Jan 1460 1453 1471 1485	1/2 Krug 227-236 136-1413 1/4 Krug 112-120 573-717	Dec 81.50 80.75 0 9	Jan 915/4 960/4 916/4 915/4	Mar 55.57 57.87 51.40 55.12
Tin (European free market) £4335 -15	Aug 131.00 125.25 133.00 125.76	Apr 1496 1490 1496 1490	Angel 445-451 267 4-279 4, 1/10 Angel 45-50 27-30		Mar 904/0 949/0 904/0 904/0 May 367/4 932/4 867/4 967/4	May 57.55 59.55 57.60 57.55 Jul 56.82 58.60 58.15 58.82
Tin (Kuala Lumpur market) 18.78r -0.05 Tin (New York) 336.0c -0.78	Sep 131.50 126.00 133.50 125.75 Oct 138.25 127.75 136.00 128.00	Jly 1263 1263 1260 BFI 1178 1171	New Sov. 10212-10312 61-614	CRUDE OIL (Light) 42,000 US guils S/berrel Latest Previous High/Low	POYABEAN OIL 60,000 Ibs; centurit	Aug 58.15 58.20 0 58.16
Zinc (Euro. Prod. Price) \$1252.5 Zinc (US Prime Western) 655sc	Nov 134.00 128.50 134.25 129.75 Dec 135.00 129.25 196.00 134.50	Turnover 376 (484)	Old Sov. 102/2-104 61-62 Noble Plet 656.45-62.9 332.3-336	Aug 15.80 14.98 15.90 16.25	Letest Provious High/Low	
Cattle (live weight)† 115.57p +2.50° Sheep (dead weight)† 206.65p +22.12°	Turnover 8587 (4818) Jots of 100 tonnes			Sep 15.96 14.97 15.97 15.38 Oct 15.02 15.06 16.08 15.36	Jul 20.55 32.95 31.00 20.15 Aug 22.00 33.00 32.00 32.00	
Pigs (live weight)† 70.15p + 0.13*	GRARIS Extorme		Sever the prime of US des equily Spot 438.55 724.00	Nov 15.10 15.21 16.21 15.80 Dec 16.17 15.33 16.28 15.56	Sep 32,25 33,25 32,25 32,25 Oct 32,35 35,35 32,35 32,35	[
London daily sugar (raw) \$388.4x +0.4	Sep 105.40 106.65 105.40		3 months 448.25 738,60	Jan 16.22 15.42 16.22 16.70 Feb 16.30 15.49 16.30 16.75	Jan 32.02 33.25 32.25 32.25 Jan 32.02 33.02 32.02 32.02	CHILE
London daily sugar (white) \$352x + 10 Tate and Lyle export price £348.5 + 3.5	Nov 108.00 109.25 108.60 108.00		S months 450.30 764.15 12 months 483.55 784.95	May 18.00 15.64 18.00 16.95	Mar 31.80 32.80 31.80 51.80 May 31.35 32.35 31.85 31.35	The Financial Times proposes
Barley (English feed) £102z	Jen 111.10 112.20 111.10 Mar 113.45 114.50 113.45			HEATING OIL 42,000 US galls, cante/US galls	BOYABEAN MEAL 100 tons; S/ton	to publish this survey on:
Maize (US No. 3 yellow) Ung. Wheat (US Dark Northern) Ung.	May 115.70 116.85 118.00 115.70	TEA		Latest Provious High/Low	Latest Previous High/Low	Sta September
Rubber (spot) \$ 74.00p + 1.75	Sep 99.95 101.23 100.80 89.95	THERE WERE 20,616 packages on offer 14	LONDON METAL EXCHANCE TRADED OFTIONS	Aug 4325 4112 4350 4200	Jul 258.5 287.6 270.0 257.5 Aug 274.2 289.3 274.2 274.3	
Rubber (Aug) 175 Rubber (Sep) 17 82.25p + 1.75	Nov 102.85 104.25 103.40 102.85	this weeks auction, including 200 in the offshore section, reports the Tee Brokers'	Alumitatum (99.7%) Calis Puts	Oct 4460 4280 4480 4540 Dec 4630 4450 4620 4570 Feb 4645 4445 4625 4625 Mar 4496 4245 4485 4525	Arg 274.2 289.2 274.2 274.2 5ep 286.7 255.7 286.7 266.7 Oct 285.5 280.6 285.5 285.5 Dec 289.4 278.4 203.4 285.5 Dec 289.4 278.4 203.4 285.5	For a full editorial synopsis and advertisement details, please contact:
Rubber (KL ASS No 1 Aug) 337.0m +1.5	Jan 105.85 107.15 108.10 105.85 Mar 108.45 108.55 108.85 108.45	Association. The market remained subdured. The few brightest East Africans were well	Strike price \$ tonne Sept. Nov. Sept. Nov.	Dec 4630 4450 4620 4570 Feb 4645 4445 4685 4525 Mar 4496 4285 4465 4550	Sep 298,7 298,7 296,7 296,7 296,7 Oct 295,5 290,6 295,6 295,5 Dec 293,4 279,4 203,4 295,4 Jan 259,5 274,5 294,5 296,5 296,5	
Coconut oli (Philippines)5 \$680x -30 Pakri Oil (Melaysten)5 \$535z -15	May 110.15 111.15 110.65 110.15	supported at firm rates but all other descriptions proved irregular and generally	2400 237 217 108 195	APT 4390 4190 0 0	Jan 259.5 274.5 209.5 259.5 Mar 254.0 209.0 254.0 254.0	NIGEL BICKNELL on 01-248 8000 ext 3447
Gopra (Philippines)\$ \$480 + 10	Turnover: Wheat 111 (173), Barley 161 (123). Turnover lots of 100 tonnes.	easier to buy of a decline of 3-op per kilo	2550 160 756 180 281 2700 103 108 271 361	May 4310 4110 0 0	Mar 254,0 209,0 254,0 254,0 May 252,0 267,0 0 0	
Soyabcana (US) \$230z Cozon "A" Index \$2.6c		with some withdrawais. Better quality ceylons sold at lower levels but coloury	Allominium (93.5%) Calls Puts	COCOA 10 tonnect\$/tonnes	HIDICES	or write to him at:
Wooltops (64s Super) 650p	Close Previous High/Low	mediums mut fair competition at about last rates.	2250 235 100	Ciose Previous High/Low	REUTERS (Base: September 16 1931 - 100)	Bracken House
£ a conne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringcit/kg. x-Aug/Sop. s-Sep/Oct.	Nov 80.0 83.0	Quotations: Quality 142p nominal (152p nominal)	2400 157 171 2550 100 252	Sep 1562 1559 1668 1692	July 15 July 14 mnth ago yr ego	10 Cannon Street London
z-Aug. q-Aug/Oct. w-Oct. y-Sep. 1Maat Commis- sion average fatatock prices. * change from a	Feb 92.0 95.0	Medium (Sp (68p)	Copper (Grade A) Celle Puts	Dec 1551 1556 1858 1535 Mar 1555 1559 1560 1545 May 1573 1572 1577 1585	1995.1 1953.9 1962.8 1540.0	EC4P 4BY
week and	Apr 125.8 127.4 127.0 125.5 May 137.0 137.0 135.5	Low medium 70p (73p)	2000 178 204 69 117	May 1573 1572 - 1597 1585 Jul 1569 1595 0 - 0	DOW JCHES (Sese: Dec. 31 1974 - 100)	Province of the second s
terdam. 📥 Bullion market close, m-Malavalan	Tumover 210 (169) lots of 100 tonnes.		2100 122 156 113 156 2206 80 115 171 224	Sep 1625 1540 1620 1620	Spot 138.77 138.89 140.28 197.89	FINANCIAL TIMES
				Dec 1657 1670 0 0	Fistures 142.54 142.35 140.80 125.42	



## **CURRENCIES, MONEY AND CAPITAL MARKETS**

## VI ac Gib FOREIGN EXCHANGES

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## action Dollar up despite intervention set-aside c

of England figures, the dollar's exchange rate index was unchanged at 99.4. Starting finished at its best level of the day, helped by a half point rise in UK base

rates. News of a 0.4 p.c. rise in

UK June retail sales was a lit-tle below expectations, but still

gave an annualised increase over the past three months of

6.5 p.c. This underlined recent con-

carn over the pace of economic growth and its effect on the rate of inflation. The pound

finished higher against a stron-ger dollar, which meant a marked improvement against its European partners to DM3.1425 from DM3.1200 and EPDID 5575 composed ministration

FFr10.5875 compared with FFr10.5875 compared with FFr10.5200. It was also higher against the Swiss franc at SFr2.6075 from SFr2.5850 and Y224.75 compared with Y225.00.

Against the dollar it rose to

central rates

\$1.6695 from \$1.6635.

and 74.8 on Friday.

The dollar's performance in

Frankfurt was governed to a greater extent than normal by Bundesbank intervention. The effect of central bank's inter-vention lasted only until the close of business in Frankfurt, but was a first in the bank's the

but was effective while it lasted as the authorities sold dollars on the dips, rather than

Suggestions that West Ger-man interest rates may be pushed firmer added some

measure of support to the

However the D-Mark per-

However the D-Mark per-formed badly elsewhere. It dropped to a record low against the yen as the latter benefited from a general D-Mark weakness and higher

The D-Mark's one bright spot

was its improvement against the French franc.

% change adjusted for divergence

Divergence Italit %

Japanese domestic rates.

fighting an upward trend.

D-Mark.

from central cate

EMS EUROPEAN CURRENCY UNIT RATES

amounts against Eca July 18

COORDINATED INTERVENTION by G7 and EC central banks restricted the VI34.70 from Y135.25. On Bank dollar's rise yesterday, but the US unit still finished sharply firmer.

Traders were anxious to cover short positions after last Friday's better than expected US trade figures. Some had held back, hoping for interven-tion by the Bank of Japan, but 196 A the latter was conspicuous by its absence, and although the dollar's rise continued, it was weaker against the yen after a rise in short term Japanese

Treasury hill rates. Dealers suggested that the Bank of Japan is unlikely to intervene in currency markets just yet, but that a rise in domestic interest rates helped to underpin the yen. However the dollar's under-

However the cohlar's inder-lying trend remained upward. Weekend comments suggesting that the dollar's rise was tenu-ous, if based solely on better US trade figures, appeared to have little lasting effect. Some analysts suggested that the US authorities were unlikely to join in co-ordinated central join in co-ordinated central bank intervention on a large scale for fear of pushing the dollar weaker in the run up to November's Presidential elec-tion.

	scale for fear of pushing the dollar weaker in the run up to November's Presidential elec- tion. The dollar closed at DM1.8820 from DM1.8760 and SFr1.5625 compared with	rates         rates <thr></thr> <thrat< th=""> <thrats< th=""></thrats<></thrat<>	165       344       411       160       267       9150       25       31       165       51       9900       40       58       45       52       123       650       -         175       26       73       844       931       900       6       13       46       85       8950       20       35       75       79       NEDLIDYD C       F1.250       175       14.80       -         175       26       73       844       931       9200       6       13       46       85       8950       20       35       75       79       NAT.NEO.C       F1.250       175       14.80       -         180       4       23       1320       1381       9225       3       9       66       104       8975       13       26       95       95       NAT.NEO.C       F1.25       172       14.80       3.50       9       9       1111155       190       3.50       9       9       9       9       9       111155       190       3.50       75       13       26       95       964       8075       132       46       105       962       106       9       9 <td< th=""><th><math display="block">\begin{array}{cccccccccccccccccccccccccccccccccccc</math></th></td<>	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
	SFr1.5545. It was also higher against the French franc at £ IN NEW YORK http://www.internet.org/ 1.0000 1000 1000 1000 1000 1000 5.5001 10000 1000 1000 1000 1000 10000 1000 1000 1000 1000 1000 1200001 10000 1000 1	Compare on the former packing change denotes a weak carrancy           Adjustment calculated by Financial Tows.           POUND SPOT- FORWARD AQAINST THE POUND           July 18         000'S           July 18         000'S           July 18         000'S           IS	Strike         Calls         Pats         Strike         Calls-satilements         Pats-sctilements         Pats-sctilements           Price         Ang         Sep         Oct         Dec	CTS : 46,983 P=Pat
	Jamandrs         3.60-3.50pm         3.165-3.03           Forward premiums and discounts apply to the US dollar         STERLING INDEX           STERLING INDEX         Jabr.18         Previous           8.30         am         74.9         74.9           9.00         am         74.9         74.9           10.00         am         74.8         75.0           2.00         pm         74.8         74.9           3.00         pm         75.1         74.6           4.00         pm         75.1         74.6	US         1.6545 - 1.6760         1.6640 - 1.6700         0.37-0.34cm         2.255         1.05-1.00pm         2.46           Canada         2.0055 - 2.0220         2.0200 - 2.0210         0.27-0.14cm         1.37         0.646-0.56cm         1.23           Rethertande         3.534 - 3.534 - 3.534 - 3.534 - 5.544         3.534 - 5.546         3.534 - 5.546         2.700 - 2.0210         0.27-0.14cm         1.37         0.646-0.56cm         1.23           Beiglann         .65.60 - 65.70         6.565 - 65.75         27-1.4ccm         2.00         2.236           Weitad         .11.05 - 11720         11.665 - 1.1470         0.38-0.35mm         3.59         1.06-0.95mm         3.71           Densamt         .11.05 - 1.1720         11.665 - 1.1470         0.38-0.35mm         3.59         1.06-0.95mm         3.77           Vortugal         .254.40 - 255.00         2.246.00 - 255.00         1.060.05m         1.41         65.165mt         1.50           Spein         .207.00 - 266.00         .207.85 - 208.15         8m-11.2di         6.034         4.037         1.05 - 1.079         1.074         1.075         1.07 - 1.074         1.074         2.236           Spein         .00.274 - 0.2254         .2254 - 22325         8m-11.2di         -2.09         34 - 71646	LONDON (LIFFE)         CHICAGO         Japanese yen (mail)         Japanese yen (mail)         Japanese yen (mail)           28-YEAR 9% (WITHINAL GELT)         D.S. TREASURY BONDS (Carr) 8%         Japanese yen (mail)         Japanese yen yen yen yen yen yen yen yen yen ye	%         %         %           10 <sup>1</sup> 2         Hartkern Bank Ltd         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Horrkern Bank Ltd         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Horrkern Bank Ltd         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Horrkern Bank Ltd         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Horrkern Bank Ltd         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Horrkern Bank PLC         11           10         R. Raphael & Sons         10           10 <sup>1</sup> 2         Rorderghe Grantes         10 <sup>1</sup> 2           10 <sup>1</sup> 2         Royal Bk of Scotland         10 <sup>1</sup> 2           10         Royal Trust, Bank         10 <sup>1</sup> 2           11         Smith & Willenso Sens         10 <sup>1</sup> 2           10         Rundraf Chartared         10 <sup>1</sup> 2
	CURRENCY RATES	DOLLAR SPOT- FORWARD AGAINST THE DOLLAR           July 18         Days         Cont         Des math         %         Date         Dollar           July 18         gund         Cont         Des math         %         Date         Dollar         %           With         1.4195-1.4380         1.4690-1.6700         0.374-0.34eps         2.55         1.05-1.00ps         2.46           With         1.4195-1.4385         1.4300-1.2100         0.10-0.17pdis         -0.72         0.20-0.35dit         -0.77           Canada         1.2370-1.2115         1.2700-2.2100         0.11-0.15eds         -1.14         D.8-0.9766         -0.77           Desamet         7.134 - 7.204         7.174 - 7.174         0.374 - 9.76         5.3cpm         1.22         13-10ps         1.16           Desamet         7.132 - 7.204         7.174 - 7.174         1.054 - 1.055         0.424 - 0.056 - 4.079         3.12         13-10ps         1.16           Desamet         1.35 - 154         1.33 - 1.895         1.055 - 1.8956         0.52 - 0.8956         -4.01         3.12           W. Germany         1.8930 - 125.55         1.34.65 - 255.55         1.32 - 2.224         2.30 - 2.227         1.22         1.35 - 1.4908         3.12           W. Germany<	Dec         Distribution         Distribution	10         TSB
ee mig	Sumith Poeta         8         1.599.51         1.324.675           Swedish Konsa         8         1.996.51         1.324.675           Swedish Konsa         8         1.996.62         1.112.28           Swedish Konsa         201         1.996.62         1.122.96           Swedish Konsa         202         1.926.933         1.66.524           Inth Pout must         202         1.926.94         0.0735206           All SDR mess are for July 15.62         3.996.03         3.96.524           CURRENCY MOVEMENTS         3.997.94         3.997.94	Taty         1300 - 1402         13020 - 13020         240-3200mdb         -322         970-100.4005         -3.55           Hormay         6.324 - 6.501         6.394 - 6.3054         6.394 - 6.3054         -5.55         0.250-26.000         -5.55           Summa         6.314 - 6.554         6.394 - 6.655         105-1.350m dbit         -5.55         0.250-26.000         0.37           Summa         6.42 - 6.46         6.45 - 6.455         105-1.350m dbit         -2.23         2.255-3.0566         1.33           Janas          135.50         3.462 - 5.457         0.46 - 4.49m dbit         1.271 - 113.31 kg         1.252 - 1.5300         3.16         1.253 - 1.5700         3.262 - 1.5300         1.21 - 1.0000m         3.16           Suttraminal         1.252.50         3.262 - 1.5300         0.99 - 0.5500         3.12         1.06 - 1.500m         3.16           Suttraminal         1.252.51         3.262 - 1.5300         0.99 - 0.55000         3.12         1.06 - 1.500m         3.16           Suttraminal         1.252.51         3.262 - 1.5300         0.99 - 0.55000         3.12         1.06 - 1.500m         3.16           Suttraminal         1.252.51         3.262 - 1.5300         0.99 - 0.55000         3.20         1.06 - 1.500m         3.16	Sep         Bits         Low         Prov.         Latest         High         Low         Prev.         Sep         Latest         High         Low         Prev.         Dec         Prev.         Prev.         Dec         Prev.         Dec         Prev.         Dec         Prev.         Dec         Prev.         Dec         Dec         Prev.         Dec <t< td=""><td>105 Savewise 7.16%, Top Tier-110,000+ 1052 instant access 9.0% 4 Mortgage base 1052 rate 5 Demand deposit 5.0%. Mortgage 1052 9.125% - 9.5%</td></t<>	105 Savewise 7.16%, Top Tier-110,000+ 1052 instant access 9.0% 4 Mortgage base 1052 rate 5 Demand deposit 5.0%. Mortgage 1052 9.125% - 9.5%
· • · · · · · · · · ·	July 18 England Garrety	Out   01.01   02.05   100.103   111.104   112.111   112.111	Sep 184.70 185.10 181.90 186.30 Dec 186.10 187.70	

**FINANCIAL FUTURES** 

LIFFE LONG GOLT FUTURES

Purk NRESSE

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Estimated volume total, Calls 1799 Pats 3026 Previous day's open lat. Calls 25766 Pats 35762

Sep

96 98

## Firmer pound restricts losses

SHORT STERLING contracts However sentiment is more recovered from the day's lows in yesterday's Liffe market after only half a point rise in UK base rates. Futures prices, and cash rates, had started the day discounting a full one point increase in base rates, and so the half point increase and so the half point increase likely to be influenced by tomorrow's UK money supply figures. Bank lending is expected to rise sharply as mortgages are arranged to beat the tax advantages due to end in August.

and so the hair point increase encouraged investors to buy back into sterling futures. Daspite this, sentiment remained less than bullish. UK retail sales rose slightly less than expected, while PSBR for June was flat against expecta-tions of a small repayment. Long term glit prices opened weaker but finished slightly up on the day. Dealers suggested that the authorities decision to push rates firmer helped to allay fears about rising infla-tion. A firmer pound and a revival in oil prices also helped

LIFFE US <u>고</u> 333호취SN~ ~ Range Buser

on Friday.

93-18. US Treasury bond prices finished on a weaker note. A firmer Federal funds rate and failure to break through resis-

to underpin sentiment.

The September long gilt

opened lower at 93-29, down from 94-01 but recovered to fin-

ish at 94-04, up from a low of

GOLD C GOLD C GOLD P GOLD P

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Oct. 88

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EUROPEAN OPTIONS EXCHANGE

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1133996119 7.20 5.50 5.70 2.50 5.20 11.30

tance levels tended to take the edge off investor demand. The September price slipped to 85-27 at the close, having opened at 86-10, up from 86-04

LIFFE FT-SE INDEX FUTURES OPTIONS Strike Prize 17000 17500 18000 18500 19000 19500 20000 Pats Jul 0 14 155 1000 1530 33454421000 2000320559 AU1574758899 a the subset of

Estimated volume total, Calls 51 Puts 85 Previous day's open lat., Calls 1040 Puts 1490 Estimated volume total, Calls 0 Puts 0 Previous day's ones tot. Calls 6 Puts 58 LIFFE SHORT STERLIN LIFFE EURODOLLAR OPTIONS Elin points of 100% 140040325

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	July_18         Bank of Explant         Barger Surgers %           Sterling         75.1         10.2           U.S.Dollar         75.1         10.3           Canadian Dellar         95.4         10.3           Canadian Dellar         97.6         -4.2           Dasto Korne         97.6         -4.2           Dasto Korne         97.6         -4.2           Dasto Korne         97.2         -4.6.8           Deutsche Math         143.5         +20.1           Switz Franz         127.1         +13.1           Consta Franz         127.1         +21.1           Guiter         123.2         +7.4           Harger         123.3         +20.1           Weit         123.1         +21.1           Guiter         123.1         +13.1           Yeit         234.3         -23.1           Morgan         Guaranty Changerst: secrage 1960-1960         1982-100           1982-100         Bank of Expland Index (Barg Antrager         1980-1960           1982-200         Bank of Congerst         1980-122.1           OTHER CURRENCIES         228.5         4.445-4465           Statt 1.2, 20990-22.1020         122.15-22.13.95		S Fr.         H FL         Lina         C S         0 Fr.           12         2,600         3,543         22,25         2,020         65,70           11         15,62         2,122         13%2         1,220         65,70           11         11,260         13,76         105,43         20,406         20,90	Sep         184.70         185.10         181.90         186.30           Dec         186.10         185.10         181.90         186.30           Mar         186.10         185.10         181.90         186.30           Estimated Volume 936 (1169)         180.70         185.10         187.70           Estimated Volume 936 (1169)         Previous 897 special. 904.01 (9580)         180.70           THREE MONTH EXROPOLIAR         Sino         91.24         91.28         91.24           Sep         91.30         91.33         91.33         91.33         91.24           Mar         91.03         91.33         91.33         91.33         91.34           Mar         91.33         91.33         91.33         91.33         91.39           Mar         91.33         91.33         91.33         91.39         91.39           Mar         91.33         91.33         91.33         91.39         91.39           US TREASURY BONES 8%         Sc         Sc         Sc         Sc         Sc           Sco         85-01         85-24         85-04         Sc-10         Nav           Sco         85-01         85-04         85-10         Nav	BANDFONTEIN ESTATES WITWATERSE (heorported in the R	GOLD MINING COMPANY, AND, LIMITED, Capublic of South Africa) No. 01/00251/06 BOLD MINING No. 01/00251/06 BOLD MINING RANTS TO BEARER Co. 1988 members are informed that the rate of dividend are to be despected by the United giss in 1 rand of 100 cents equate 24.571222p kand payable by the United Kingdom Paying per share. Holders of share warrants to bearer flow will be made on or after 3rd August. 1988 to Bearer Office of Hill Samuel & Co. Ltd., 45. Amount payable per share (U.K. Carrenzy) p 207.1534 31.0773	for dealing prices Desseldorf Westdeutsche Landes 4000 Düsseldorf 1, Int Telephone (211) 82831 London Westdeutsche Lendesl Telephone (1) 638 6141 Luxembourg WestLB International S Charlotte, Luxembourg Hong Kong Westdeutsche Landesl	bank, Head Office, P.O. Box 1128 ernational Bond Trading and Sales: 122/8283741, Telex 8581881/8581882 bank, 41, Moorgate, London EC2R 6AE/UK 1, Telex 887984 SA., 32–34, boulevard Grande-Duchesse 1, Telephone (352) 44741–43, Telex 1878 bank, BA Tower, 38th Floor, 12 Harcourt phone (5) 8420288, Telex 75142 HX
	MONEY MARKETS		0.736         1         55%-2         0.570         11.34           5         1.122         1.524         10000         0.0669         28.26           5         1.221         1.524         10000         0.0669         28.26           5         1.231         1.754         1151         1         32.52           2         3.970         5.396         3509         3.075         100.	Close         High         Low         Pres           14552         14551         14558         14558         14558           Dec         14548         14548         14558         14558           Har         14570         14570         14630         14630           Bata         14570         16430         14630         14630           Previous Agr's open incl. 158 (1740         Previous Agr's open incl. 158 (1740         14605           Scott         1-mth         3-mth.         6-mth.         12-mth.           14695         1.6660         14593         14500         14335	99, Binkopster, LONDON EC2M 3XE, Ibb July, 1958.	from the London Bearst Office and deposing sy excepted at least stress clear days before BARNATO BROTHERS LIMITED London Secretaries Mrs A P Smith Secretary.	MIK CREDIT on over 3,600 bond issues	e on Japanese Corporate Issuers UNI'S RATINGS and about 900 short-term notes 3,300 per year
	Rates disc further rise the HALF point rise in base rates yesterday was the latest extention of the Bank of England's softly eoftly approach to the market's clam-	e of Treasury bills draining 5376m. Enchequer transactions accounted for a further fillom, and banks brought forward belows f85m below target	MONEY NEW YORK (Lunchtime) Che monte Two monte Two monte Two monte	Md     Bg     offer     Bg       marest one-obstanch, of the bid and offered rates for \$10m       n. mich working day. The banks are National Westminister       de Paris and Borgan Gearanty Tret. <b>RATES</b> Treasury Billis and Bonds       5.88       For year       6.47       6.42       7.44       Sensity and Sensity and Sensity	(1) The gross amount of the dividend for parposes is 207.1554p	ean for United Kingdom Insome and Sartax between the United Kingdom and the Republic Resident Sharebolders' Tax applicable to the the United Kingdom Tax payable in respect of reduced rate of 10% instant of a the standard credit at the rate of 15% in respect of South L	To: Mikuni & Co., Ltd. Dei-Ichi Mori Building 12-5, Nia Minalo-ku, Tokye 105, Jepan o Piease send further inform Name Address	hi-Shimbeshi 1-chome r Telex J33118
د به در مع می از مراجع از می از م می از می ا می از می از می از می ازم از می از م می از می ازم از می از می از می از می از می ازم ازم ازم از می ازم ازم ازم ازم ازم می ازم ازم ازم ازم ازم ازم ازم ازمان م مان می از می ازم	our for a full point rise. Reaction to a further increase in inflation and evi- dence of an rise in retail sales, pushed interest rates up sharply in early trading, to dis- count at least a one point rise in base rates. The hike in base rates fol- lowed a decision by the author- ities to lend money to the dis- count houses at 10% p.c. After	5430m. The forecast was revised to a flat position and the Bank invited houses to use their bor- rowing facilities at 2.30 pm at a rate of 10% p.c. The Bank also announced that it would not announce offers on bills either in the morning or afternoon. Interest rates were also higher in Frakfurt as traders looked for a further rise in	Article         12-14         24-14           Intern         12-14         12-14           Intern         12-14         12-14 </th <th>Two         Three         Size         Lombard           Months         Morths         Morths         Morths         Lombard           4.70-4.85         4.80-5.00         5.00-5.20         4.50         7.00           714-734         430-5.00         5.00-5.20         7.00         7.00           10-754         430-5.00         5.00-5.20         7.00         7.00           11-774         7.9-734         7.00         -         -           77-73         7.74         84-9         -         -           PNEY RATES         One         Three         S7.7         One           Month         Months         Months         Year</th> <th>FIRST AUSTRALLA PRIME INCOME INVESTMENT COMPANY LIMITED International Depositary Receipts insued by Morgan Generally Trust Company of New York On June 22, 1960 the Board of Direc- tors of First Australia Prime Income Investment Company Limited, a closed-and Investment company limited on the Torontio Stork Exchange, declared as Interim dividend on the company's ordinary shares of \$0,55 per enters psychic to shortholdors of record July 2, 1988 for the six months ended May 31, 1988.</th> <th>Company Notices UNION DES BANQUES ARABES ET FRANCAISES - U.B.A.F \$ US 65.000.000 1980/1990 Floating Rate Bondholders are hereby informed that the mate appli-</th> <th>from the P Receive the latest price changes Talex overnight. Prices as public guide to the world's con Vital, up-to-date, reliable Infor buying end selling der Ledgertex, Turret Commodit Rickmansworth</th> <th>dities Telex Service ublic Ledger in e wide range of commodities by shed in The Public Ledger, the daily mmodity trade since 1760, methon for those making critical cisions. Full details from: y Publications, P O Box 64, Herts WD3 1SN. a 888095 Fax 0923 771297</th>	Two         Three         Size         Lombard           Months         Morths         Morths         Morths         Lombard           4.70-4.85         4.80-5.00         5.00-5.20         4.50         7.00           714-734         430-5.00         5.00-5.20         7.00         7.00           10-754         430-5.00         5.00-5.20         7.00         7.00           11-774         7.9-734         7.00         -         -           77-73         7.74         84-9         -         -           PNEY RATES         One         Three         S7.7         One           Month         Months         Months         Year	FIRST AUSTRALLA PRIME INCOME INVESTMENT COMPANY LIMITED International Depositary Receipts insued by Morgan Generally Trust Company of New York On June 22, 1960 the Board of Direc- tors of First Australia Prime Income Investment Company Limited, a closed-and Investment company limited on the Torontio Stork Exchange, declared as Interim dividend on the company's ordinary shares of \$0,55 per enters psychic to shortholdors of record July 2, 1988 for the six months ended May 31, 1988.	Company Notices UNION DES BANQUES ARABES ET FRANCAISES - U.B.A.F \$ US 65.000.000 1980/1990 Floating Rate Bondholders are hereby informed that the mate appli-	from the P Receive the latest price changes Talex overnight. Prices as public guide to the world's con Vital, up-to-date, reliable Infor buying end selling der Ledgertex, Turret Commodit Rickmansworth	dities Telex Service ublic Ledger in e wide range of commodities by shed in The Public Ledger, the daily mmodity trade since 1760, methon for those making critical cisions. Full details from: y Publications, P O Box 64, Herts WD3 1SN. a 888095 Fax 0923 771297
and the second	the rise, three-month interbank money was quoted at 11-10j p.c., slightly down from the day's high, but still up from 10j-10j p.c. on Friday. The one year rate finished at 11j-11j p.c., against 11j-10j p.c. Over- night money traded between a high of 11 p.c. and a low of 8 p.c. The Bank forecast a shortage of around \$100m, with factors affecting the market including, bills maturing in official bands and repayment of late assis- tance, together with a take up	west Gernan Inter Takes to the set recent D-Mark weakness. Today's sale and repurchase tander is seen as a further opportunity by the authorities to increase rates from the cur- rent level of 3.75 p.c. Recent dollar strength, which has resulted in interven- tion by the Bundesbank, sell- ing dollars and buying D-Marks, has drained liquidity out of the market, eracerbating the current shortage of funds. In Paris the Bank of France left its money market interven- tion rate unchanged after the larest sale and repurchase ten- der.	nterbank Offer 11 104, sterbank Bid 6 94, Sterlag CDS 10 94, Sterlag CDS Sterlag CDS Sterlag CDS Sterlag Sterlag scelar Sterlag Tront July 2, 1988; Sterlag CDS Sterlag	10% 11% 11% 11% 11% 10% 10% 11% 11% 11% 10% 10% 11% 11% 11% 10% 10% 11% 11% 10% 10% 11% 11% 10% 10% 11% 11% 10% 10% 1% 11% 10% 10% 1% 1% 10% 10% 1% 1% 11% 11% 10% 10% 1	Peyment of ocupon no. 4 of the Interna- tional Depositary Receipts will be made in US Dollars on or after July 2, 1988, to the UN-Holdens of record July 8, 1968, at one of the toflowing diffces of Morgan Guaranty Trust Company of New York; - New York; 30 West Broadway - Brussels, 35, arenue des Arts - London, 1. Angel Coart - Frankfurt, 44-46 Mainzer Landstrasse The dividend is not subject to any Aus- trainen Tax. The Beiglan withholding to: will be applicable to UDR Holders presenting their Coupons to the office of the Depositary without the appropri- ale Beiglan non-resident conflicate. Morgan Guaranty Trust Company of New York Brussels Office as Depositary	cable for the 18th interest period has been fixed at 0.5% %. Coupon No 18 will be payable as from January 18th, 1969 at the price of \$ US 44,08 equivalent to an Interest of 184 days, covering the period from July 18th, 1988 to January 17th, 1989 Inclusive. The Fiscal Agent CREDIT LYONINAIS LUXEMBOURG	ABAHE CHEMICAL BIOLISTRY LIMITED Bears Depositary Receipts Issued by Morges Guaranty Trust Company of New York A distribution of 50.4447 per depositary share less any applicable taxes will be psylable on and after skill 51, 1988 upon presentation of coupon no. 30 at the following offices of Morgan Guar- anty Trust Company of New York In: - Brozenios, 35, aresue des Arts - New York, 30 West Broadway - Londres, 1, Angel Court - BANQUE GENERALE DU LUXEM- GOURG, rue Addrigen 14, Net rate: - 10% Japanese tex : 50,35779 - 20% Japanese tex : 50,3577	Art Gaileries COLNAGHI 14 old Bond St, W1.' 491 7408. Prospects of TOWN AND PARK An exhibition of View Paintings. Until 20 August. Mon-Fri 10-6, Sats 10-1. ALLANS' GALLERY - Hand Embroidsmed Sitk Pictures: A stopen new collection is now or display. Cats. hornes and dogs so real you'll want to stroke them. Lower Ground Floor, Allans Famous Silk Shop, SS/28 Data Street, Grossenor Square, London, WIM drib. Mon-Fri Bol. Stat 5-1. Tel: Di-G29 3781

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## FINANCIAL TIMES TUESDAY JULY 19 1988

## FT UNIT TRUST INFORMATION SERVICE

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7 Jacket for midshipman (6)
8 Meaningless speech about place in China? (6)
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### GUIDE TO UNIT TRUST PRICING

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The data included and the Authorised section of the FT Unit Trust information pages is being expanded to improve the service to readers and to conform with new legislation. INITAL CHARGES These marketing, administrative and other costs which have to be paid by new purchases. These charges are included in the price when the estimer kays costs. The price at which units may be bought. SID PRICE

CANCELLATION PRICE The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, with trust managers guote a much narrower spread, As a result, the bid price is often set well above the minimum paralisible price which is colled the cancellation price is the table. Kowerer the bid price inglet, be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over boyers. That

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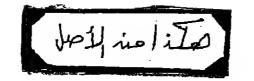
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The price at which units may be sold. CANCELLATION PRICE



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	Argent         116.4         116.3         122.4         1.1         125           Pacific Robins         116.4         116.4         126.4         1.1         125           Pacific Robins         116.4         116.4         126.4         1.1         125           Pacific Robins         116.4         116.4         126.4         1.1         125           Pacific Robins         124.4         146.4         126.4         1.1         125         126.4           Pacific Robins         124.5         126.4	Privativiti Ser. 4	Orpoli         125.6         139.6           Managed Series 2	Spir Site Acc	General Accident Linked Life Assurance22 2Rougher Street, Yort Y01 1H8, 9904 6209 UK Edny 1125 139-8 40.4 UK Edny 1125 129-9 40.4 UK Edny 1125 129-9 40.4 Filted Internet. 1223 129-9 40.4 Internet Internet. 1223 129-9 40.4 Internet Internet. 1233 129-9 40.4 Internet Internet. 1234 129-9 40.4 Internet Internet	Property acc	Internstopping         172.7	retail 7/50 P folia 101 6 101 8 -02 - al (a) Noil P folia 102 2 100 al (a) Noil P folia 100.2 100 di Sett E.compton
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	Access Unset	Spainer         11.76         12.40         +0.01           Bar         12.16         12.40         +0.02           Dar         15.16         15.96         -0.02           Dar         13.72         14.44         +0.02           Stat         13.72         14.44         +0.02           Stat         13.74         +0.05         +0.02           Stat         13.72         14.44         +0.02           Stat         13.74         +0.05         +0.03           Stat         13.74         +0.04         +0.02           Daroti         13.74         +0.05         +0.03           Daroti         13.74         +0.04         +0.01           Daroti         13.74         +0.05         +0.01           Daroti         13.74         +0.04         +0.01           Daroti         13.05         +0.04         +0.01           Daroti         11.61         11.24         +0.03           Pare Extern         11.41         12.22         +0.04           Hit Eastern         10.24         10.76         +0.04           Correlase         10.24         10.78         +0.04	Consects         Life Graces           -26 Hills St, Pottors Bar, Herts         0707/511           -0047 Still         162.7         +0.01           -1047 Stills         162.6         +0.01           -1047 Stills         162.7         +0.01           -1047 Stills         17.7         17.7	Pention Head Acc	All Family         487.5         487.5         487.5         531.3           Fortfolds Em. A	European Ser Can	- Exempt Prov Not 56(0)	Strate Neight Phales.         101.3         106.7            Strate Neight Phales.         1114.8         125.6            strate Neight Phales.         101.3         106.7            strate Neight Phales.         102.0         127.6            strate Neight Phales.         103.0         100.0            strate Neight Phales.         105.3         100.4            Accum Neight Phales.         110.6         127.5            Accum Neight Phales.         100.6         127.5            Accum Neight Phales.         100.6         127.5            Accum Neight Phales.         100.1         100.1            Accum Neight Phales.         100.4             Accum Neight Phales.         100.1             Accum Neight Phales.         100.1             Accum Neight Phales.         100.1             Accum Neight Phales.         100.1             Accum Neight Phales.         100.0
	Mernand ing 2 manufact [24	1942 Series         253.3         264.7         -0.9           Wirt Feinlig         197.6         197.6         43.2           Ferd American         197.4         197.6         43.2           Ferd Name         197.4         197.6         43.2           Ford Name         197.7         194.1         -0.9           Scat Description         197.4         197.6         -0.9           Control Name         197.4         197.4         -0.9           Scat Description         197.4         197.4         -0.9	Hammard New Fr.         105.0         105.0         105.0           Hammard New Fr.         155.6         105.0         40.0           Property Peo Fd.         155.6         105.0         40.0           Index-fibration Peo Fd.         155.6         105.0         40.0           Guide A Fmit are Peo Fd.         155.6         105.0         40.0           Guide A Fmit are Peo Fd.         125.4         103.8         40.0           Guide A Fmit are Peo Fd.         125.1         124.9         40.0           Hamaged Fmath         122.1         124.9         40.0           Wanaged         147.1         127.4         40.5           Inter & Tot Interest.         122.0         120.4         40.0           Wanaged         122.0         122.4         40.4           Wanaged         122.0         127.4         -6.5           Inter-Wathed         122.0         127.4         -6.4           Envity         125.0         157.9         +6.0           Wathed Base that Interpret.         125.3         22.5         -6.3           Wathed Base that Interpret.         125.2         22.4         -6.3	- Crown Rec, Wolding GU22 12/W 04862 5073 - Antorican Acc	Property         222.6         223.3           Index-Inded Gitz         108.9         114.8           Managed         200.0         211.4           Int. Managed         200.0         211.4           Int. Managed         102.9         113.2           Gartmona         107.3         113.2           Frankingcol         125.4         120.0           Propertual         113.1         120.0           Managed         125.4         120.0           Propertual         113.1         120.0           Managed         125.4         120.0           Propertual         113.1         120.0           Managed         125.4         120.0           Propertual         113.2         120.0           Managed         130.0         100.1           Managed         101.0         106.4           High Struct Fanity         101.0         106.4           High Struct Fanity         109.5         90.5	Smaller Gri Ser A		Schnader Life Assurance Lid           reprise House, Parsunoeth         0705 627733           Jing 0705 661222         0705 661222           ration         234 4         245 5         42           Vanguard Mingd.         400,4 430 1         12         -           Kenter
÷ - 3	Tr Derman Screet. 101175 1179 (253) 1011 40 Tr Derman Screet. 101175 1179 (253) 1021 40 Tr Social Con	Sur Manager	Midland Bir Humsgel, 12153         226,7         -0.3           Midland Bir Humsgel, 12254         2224         221         -0.3           Cammon Assumatics Link (c)         -0.1         -0.3           10 ympic Way, Weakby HA908B         01.40285         -0.3           2015 Serias Life Accumation         301.4         -1.3           High Incomm.         372.4         10.2         -0.3           Strategic Ope.         100.4         10.2.4         -0.3           Strategic Ope.         100.4         10.2.4         -0.3           Managed.         2276.5         200.4         -0.3           Managed.         226.2         226.0         -0.3           Managed.         226.4         -0.2         -0.3	American	Ferriter & Cohonel	_ Ule Famir		Total         Total <th< th=""></th<>
	Triven General	0 vol 19,52 19,50 -0.03 Sus15,57 17,70 +0.05 Sus15,57 17,70 +0.06 Gills Engre12,90 -0.06 Depati	Deposit.         1905         2016         40.0           Giff         1905         2011         -0.6           American         25.9         249.6         -1.8           International Measy.         195.7         200.0         -0.7           International Measy.         115.7         122.4         -0.4           For East         224.1         25.9         -0.0           Global	Group Function Function         102.5         106.2         42           Exempty         366.0         524.3         4.5           Exempty         204.7         221.1         401.1           Fined interes         286.8         297.2         -1.           interstructure Tract         220.5         228.4         -0.2           interstructure Tract         220.5         228.4         -0.2           interstructure Tract         490.8         507.3         -3.2           Montey         490.8         507.3         -3.2           Montey         490.8         507.3         -3.2	Pee Far Gastern	- Property Fel	-1.0 - Presiden Fanda 278 2 272 44 5 50 - American (Car) - 278 2 272 44 5 50 - American (Car) - 278 2 272 44 5 50 - American (Car) - 278 2 272 44 5 50 - 500 - 500 - 100 - 100 - 500 -	Arty         325,8         322,9         11         -           corr 6 Ratarias         130 4         137 2         12         -           laf consult         130 4         137 2         12         -           laf consult         130 4         137 2         12         -           laf Stat
	UK Unit Trust Managers Ltd (2409)H Wording Road, Horsham, RH12 251. Shish Growthan	1992 Series [259,4 273,1] +94.6] Honord	Tent Series Percise Accessibilities         205.2         482.81         -2.7           High browne         469.3         495.6         40.4           Susatepic tops         102.3         108.5         40.4           Property         383.0         405.3         40.6           Wassped         21.23.8         124.2         40.0           Wassped         411.5         434.4         -0.4           Massped         412.6         134.7         134.1         -0.1           Deposit         226.6         373.9         40.0         -0.1	Property         1145.4         155.7         48.71           Other Fundid2         711.3         748.7         11.4         -           Dors Rive A.         643.6         690.7         229.14         -         -           Dist Nataget         227.7         229.14         - <t< th=""><th>Pen Fridelity,</th><th>Ind-Link Gilt Fd</th><th>015         - Cit (Acc)         3612         379         - 14         - Fred           015         - Cubi (Cap)         740         786         - 05         - Pice           015         - Cubi (Cap)         740         786         + 05         - Pice           124         - Gubi (Cap)         - 009.6         115.2         + 0.7         - Pice           1025         - Linked (Cap)         - 019.6         115.2         + 0.7         - Pice           021         - Inter-Insid (Cap)         - 024         - Pice         - Pice         - Pice           022         - Inter-Insid (Cap)         - 1011         106.2         - 04         - Pice           -1.1         - International (Cap)         - 1011         106.2         - 04         - Pice           -1.1         - International (Cap)         - 0111         106.2         - 04         - Pice           - 013         - intel inc (Mac)         - 045.1         - 045.6         - 06.5         - 04</th><th>Concellence</th></t<>	Pen Fridelity,	Ind-Link Gilt Fd	015         - Cit (Acc)         3612         379         - 14         - Fred           015         - Cubi (Cap)         740         786         - 05         - Pice           015         - Cubi (Cap)         740         786         + 05         - Pice           124         - Gubi (Cap)         - 009.6         115.2         + 0.7         - Pice           1025         - Linked (Cap)         - 019.6         115.2         + 0.7         - Pice           021         - Inter-Insid (Cap)         - 024         - Pice         - Pice         - Pice           022         - Inter-Insid (Cap)         - 1011         106.2         - 04         - Pice           -1.1         - International (Cap)         - 1011         106.2         - 04         - Pice           -1.1         - International (Cap)         - 0111         106.2         - 04         - Pice           - 013         - intel inc (Mac)         - 045.1         - 045.6         - 06.5         - 04	Concellence
	Dateon Nor, 252 Ronford Rd, EC. 01-534 5544 United Charlet a	Exercised Assertional         181.73         195.46         -0.01           Elite E Managed         122.00         -0.02         -0.03           Elite E Managed         122.00         -0.03         -0.03           J Darkes Lane, Potters for Elit Lal         0007 #233         0007 #233           Brit Hibe Carlo Acctid         132.2         19.1         -0.8           Emityr Ed Acctid         400.4         903.7         +4.5         -           Emityr Ed Acctid         130.4         347.7         -2.2         -           Fund Inte Acctid         22.27         22.22         40.1         -	American	On Upper lange         Jack         Jack         Jack           Europensity         Bits         60.0         60.0         60.0           Par Extern Operation         90.9         97.0         60.1         60.0           Par Extern Operation         90.3         97.3         60.0         60.0           Genth Pro Ser Juage         106.4         172.3         60.0         60.1           Fuer Internet Operation         106.4         172.3         60.0           Genth Pro Ser Juage         106.3         112.3         60.2           Cash         Managed Pres-Juage         106.4         12.5         60.0	Pen Berry High Plenatz	Monry	Li         Liama (La)         259.5         241.3         -0.7         Pres           87.7         Manuped Caul         201.8         31.7         -0.2         Pan           87.7         Manuped Caul         442.4         444.6         -0.2         Pan           9.3         Per Fuel Caul         440.2         446.2         -1.3         Pan           9.7         Per Fuel Caul         -440.2         446.2         -1.4         Pan           9.7         Per Fuel Caul         -440.2         446.2         -1.4         Pan           9.7         Per Fuel Caul         -440.2         446.3         +1.7         Pan           9.7         Per Fuel Caul         -440.2         347.4         -1.9         Pan           9.7         Per Fuel Caul         -354.9         372.7         +2.5         Pan           9.1         Property Caul         -140.3         147.4          Pan           9.1         Property Caul         -303.4         211.6         -0.3         Pan           9.1         Property Caul         -373.7         211.9         -0.3         Pan           9.1         Property Caul         -373.7         211.9	Manageri,
1. 1. 1. 1. Mar 2	Gleadrians	Pm Basin F4 Aut01	Property Unitstantian 20.65	Devenshire Life 29 Gaustoss 2, WIR 5%G Manager World Growtham UK Sentys- 2722 1723 1960 1971	Rumbers Los & First 122-90 125-20 www. Rumbers Link Averica. 1122-90 125-30	Pers Min 13 Series 1. 2280.6 313.8 Pers Min 13 Series 1. 2280.6 313.8 Pers Min 14 Series 2. 2283.7 303.9 Pers Pers Pers V J. 162.0 170.5 Pers Gits-Edgel Fil 140.6 146.0 Pers Money Nitz Fil 130.5 157.3 Pers UK Senity Fil 130.5 157.3 Pers UK Senity Fil 304.1 320.1 Pers Int Fil	0.6         MGM Assertance         Gurssian           0.6.1         MGM Hoses, Hease Bd, Worthing         0903 204631         Jaco           0.6.5         MGM Hoses, Hease Bd, Worthing         0903 204631         Jaco           0.6.6         Mass         24.4         14.6         Mass           0.4.7         Statistics         24.4         14.6         Mass           0.4.7         Statistics         24.4         14.6         0.5         Mass           0.4.7         Statistics         157.6         166.2         40.2         Mass           0.1.7         March American Asta         157.6         166.2         40.2         March           0.4.7         Statistics         352.5         342.7         14.2         March	pota
‡ 	Wardley Unit Tst Mages Ltd (0990)H	Find (int, Acc, Q2)	Norr & Sime Pess Fd118.0         125.0           Nits & Rumar Puss Fd118.0         125.0           Marry J Stars Puss Fd1147.0         125.0           Marry J Stars Puss Fd119.0         125.0           Ten Starts Pess Fd119.0         125.0           Predate Pass Fd1105.4         110.0           Fredate Pass Fd105.4         110.0           Fredate Pass Fd105.4         110.0	Inter Linker Stor	Grantian Series III         94.7         97.8         40.2           Baincad Fant         407.1         427.8         41.9           Erropen Growthans         76.3         80.5	Pess Equity Acc. 53(18 5472 Pers Mayad	0.3 Deposit Act	Flace interest
:	European Grout 8: 54 45.45 45.45 45.05 50.10 46.08 0.1 Homp Kanp 4	Prof. Per. 1         Formation         92.8         97.2         +0.3           PROS. Per. 6         Formation         100.5         115.0         40.3           PROS. Per. 6         Formation         100.7         115.0         40.3           Jo Ward Person         161.7         170.3         40.6         3           Jo Ward Person         161.7         170.3         40.6         3           Jo Ward Person         Action         161.7         170.3         40.6         3           AtHied Dumber Accumutations: Plic         Athied Dumber Accumutations: Plic         407.9         51.451.4           Final Int. Dir. Accumutation: State State         161.7         100.7         51.451.4           Final Int. Dir. Accumutation: Accumutation State         201.4         40.1         10.1           Final Int. Dir. Accumutation: Accumutation State         201.4         40.1         10.1           Final Int. Dir. Accumutation: Accumutatio	City of Westminister Assumance (z) P0 Box 469, 500 Assumption, Million Keyner MKS 28 Property Frain 1206, 1301, 4010 Sector Grads Frain 1206, 331, 4011 Sector Grads Frain 1206, 331, 4011 Sector Grads Frain 1205, 331, 4011 Sector Sector Frain 1205, 331, 4011 Sector Sector Frain 1205, 331, 401 For Case Sector Frain 1205, 325, 425, 425, 425, 425, 425, 425, 425, 4	Explore Star Insurance Co Line         Aug.           Bable Star Insurance Co Line         042221311           Start Frank, Digitaman El 3774         042221311           Start Frank, Distance Co Line         042221311           Back Calp Frank, Distance Co Line         043           Performance Fard, Distance Co Line         043           Adventarous Frank, Distance Co Line         158.6           Performance Fard, Distance Co Line         159.2           Presions Bag Chip, Distance Co Line         159.2           Persions Reformance, 109.2         113.6           Persions Adventarous, 107.9         113.6           Presions Reformance, 107.9         113.6           Persions Reformance, 107.9         113.6           Protons Reformance, 107.9         113.6	Greatman Frankington Scries III American & Genum. 258.6. 272.5   43.5 Copital	149-151 High Rd, Chadwell Hth RM6 6P.) C Marrayed Fund	1.5977566         Poss, Blausoped Acc	Primery Price         Primery Price         201.9         04.2         422.42           priof Frank         201.9         212.4
2 <sup>7</sup>	Australistian Gold	Far East Acc	Sector S First         325.2         333.4         +4.3           Fixed functions First         326.2         337.4         +4.3           Fixed functions First         326.2         377.2         -1.4           Fixed function First         325.2         337.4         +4.3           March American Funct         326.2         137.9         +2.4           March American Funct         136.3         206.7         +1.1           Persion Exception Funct         136.3         206.7         +1.1           Persion Exception Funct         132.4         136.4         +2.7           Persion Exception Funct         132.4         136.4         +2.7           Persion Exception Funct         132.4         136.4         +2.7           Persion Exception Funct         142.1         131.0         +2.4           Persion Exception Funct         142.4         146.9         +0.1           Persion Exception Funct         142.4         134.9         +0.2           Atleaser Hange First         142.4         146.4         +0.2           Atleaser Hange First         142.4         146.2         +0.2           Atleaser Hange First         142.4         146.4         +0.2           Atleas	Engle Star Japan, Midland Assar, 1 Threatheride St. Lonion EC2 Engle State Delts	Balancet Fant94,6 97,7 +0.3 Eurity60,0 49,7 +1,8 Eurity70 81,17 Fixed letterst159,1 167,4 -67,7 Giotal Growth93,1 98,1 +0,0 Incores131,1 193,1 +0,0 Incores90,4 95,3 +0,2 Managed208,1 22,9,1 +0,1 MinAmerican Growth208,1 22,9,1 +1,0 MinAmerican Growth208,1 22,9,1 +1,0 MinAmerican Growth20,9 4,9 +4,1 +1,0 Property277,6 292,3 +0,5 Property277,6 292,5 +0,5 Property277,6 292,5 +0,5 Property277,6 292,5 +0,5 Property277,6 292,5 +0,5	Universal Batanced 104,9 110,4 Universal Deprtay 106,6 112,2 Universal UK Egelty, 78,0 82,1 Universal UK Egelty, 78,0 82,1 Universal N. Anore	Bit assigned tail	0707041, 1, 113, 57         113, 50           09rrots(Epsty
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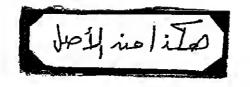
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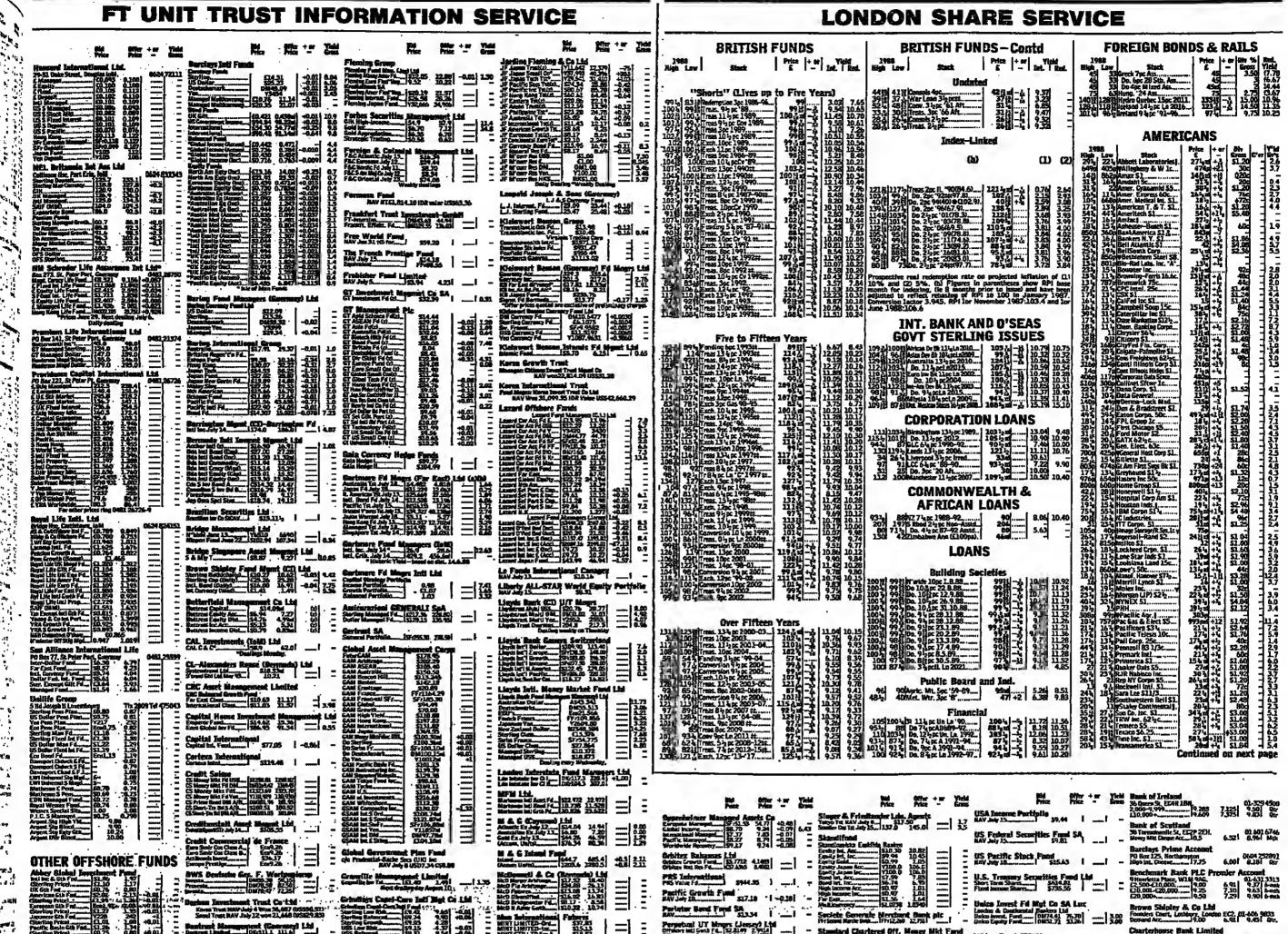
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## LONDON SHARE SERVICE

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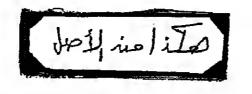
	LUNDON SHARE SERVICE	
AMERICANS - Contd       BUILDING, TIMBER, ROADS         1938       Stack       Price + m       Div       Trid         103       J240 Jitanseorii Corp 55.       J1940 + 4       Stack       Trid       Div       Contd         2017       J240 Jitanseorii Corp 55.       J1940 + 4       Stack       Trid       J118       Met CrugGr M       Met CrugGr M         2017       J240 Jitanseorii Corp 55.       J1940 + 4       Stack       Trid       J118       Met CrugGr M       J118       J118 </td <td>1988         Price         Price         Price         1485         Price         + sr         Net         Price         + sr         Net         Price         + sr         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Net         Corr (Gr / P / Z)         Net         Net</td> <td>AZ         AZZ         <thazz< th="">         AZZ         AZZ</thazz<></td>	1988         Price         Price         Price         1485         Price         + sr         Net         Price         + sr         Net         Price         + sr         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Price         -         Net         Corr (Gr / P / Z)         Net         Net         Corr (Gr / P / Z)         Net	AZ         AZZ         AZZ <thazz< th="">         AZZ         AZZ</thazz<>
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144.       999/WEcho Bay Mines.       129.       0.3       111       82/Raine Inds. 10a       145.	110         111 <td>1.6       40.       375 bridgend Group XDs. v       176 - 0       0.1.4       174       125.5       231       115       194 (D. Warnatz. v       125 v       121       115       115       116       116       117       116       116       117       116       116       117       116</td>	1.6       40.       375 bridgend Group XDs. v       176 - 0       0.1.4       174       125.5       231       115       194 (D. Warnatz. v       125 v       121       115       115       116       116       117       116       116       117       116       116       117       116
BANKS, HP & LEASING	1477 108 Role-Rope 20 a. a 144-19 5.72 2.9 4.8 1396 Reset Ma. 147 -2 7.1 17 5.11 1396 Reset Ma. 141 - 141	10 74 All converses and 100 vi 50 2.5 1.6 6.7006.0 111 11 The line & Index 110 vi 168
1978         Stack         Price         -         av         Bit         1978           259         1311aNZ SAL         - <td< td=""><td>143       113F v0       113F v1       113F v1</td><td>Image: Second second</td></td<>	143       113F v0       113F v1	Image: Second
252         175         Classes         6.0         2.9         3.2         14.4         347         285         2.77         2.7         2.8         2.9         4.0         368         2.9%         2.51         1.7         3.7         3.2         10.75         1.2         3.2         1.4         368         2.9%         2.51         1.7         3.7         3.2         10.75         1.2         3.2         1.7         3.7         3.2         10.75         1.2         3.6         2.9%         2.57         1.7         3.7         3.2         10.75         1.2         3.3         1.0         0.75         1.2         3.6         2.9%         1.0         7.57         3.7         3.2         1.0         7.57         3.7         3.2         10.7         2.1         17.3         17.6         2.3         1.0         0.75         1.2         3.0         2.5         1.0         7.5         1.0         7.5         1.0         7.5         1.0         7.5         1.0         7.5         1.0         7.5         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.0         1.1 <th< td=""><td>279       1954 markers &amp; Gram 36       270 - 5       721 5.7 1 1 223       11       101 and 2725       101 - 2       13 2 4 4 7 11         36       1964 markers &amp; El 7, 7 V       27 - 1       -       -       101 and 2725       105 - 1       110 - 1<!--</td--><td>202         118         203         47         223         24         241         223         241         233         31         39         109           202         118         241         230         241         230         241         231         31         39         109           201         118         241         230         240         241         230         241         230         241         231         31         39         109           201         118         241         230         240         230         240         241</td></td></th<>	279       1954 markers & Gram 36       270 - 5       721 5.7 1 1 223       11       101 and 2725       101 - 2       13 2 4 4 7 11         36       1964 markers & El 7, 7 V       27 - 1       -       -       101 and 2725       105 - 1       110 - 1 </td <td>202         118         203         47         223         24         241         223         241         233         31         39         109           202         118         241         230         241         230         241         231         31         39         109           201         118         241         230         240         241         230         241         230         241         231         31         39         109           201         118         241         230         240         230         240         241</td>	202         118         203         47         223         24         241         223         241         233         31         39         109           202         118         241         230         241         230         241         231         31         39         109           201         118         241         230         240         241         230         241         230         241         231         31         39         109           201         118         241         230         240         230         240         241
211       120/4/Corp 55       165/42	175         176         177         27         211         4         177 <th177< th=""> <th177< th=""> <th177< th=""></th177<></th177<></th177<>	Solution         Market         Market <thmarkt< th=""> <thmarket< th="">         Market<!--</td--></thmarket<></thmarkt<>
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337/Alexon 10p	Commark Quelta         322         114.01.1.6         5.71.05         104.97         7.72         114.97         22.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.26         23.12         24.27         23.12         24.26         23.12         12.0         65.37         25.97         23.12         12.0         65.37         24.77         25.07         25.97         24.26         22.0	11       1100       Warranti       221       1100       Warranti       222       140 Win Ray 50.0       225       121       200 Winder Giliad 50.0       226       140 Win Ray 50.0       226       461 Win Ray 50.0       227       35       141       112       200 Win Ray 50.0       225       77       35       141       112       200 Win Ray 50.0       225       47       1200 Win Ray 50.0       225       47       77       1200 Win Ray 50.0       236       425       47       35       425       47       35       425       47       35       425       427       35       425       425       425       425       425       425       425       425       425       425
44       322 Aliled-Lyons       a       424       -13.0       2.3       4.2       2.8       338 Brown 6. Jackson, v       331         0.11116       0.3       201         86       758 Blass	227         101         237         102         370         401         303         41         16.9         312         26         16           210         700         101         102         21         5.8         7.6         120         1001         110         111         128         6         21         5.8         7.6         120         1001         110         111         128         6         21         5.8         7.6         120         1001         1001         110         111         128         6         21         1001         1001         110         111         128         6         21         130         6         6         1001         1001         111         128         6         21         120         120         120         120         127         121         100         6         1         7.7         82         117         121         127         121         127         120         127         121         127         120         127         120         127         120         127         120         127         120         127         120         127         120         127         120         127 <td>80       Galler Rave Freehaldeurg       61       11,95       28       4.311.3       1.2       3200/CS intl, 30.01. v       43       43      </td>	80       Galler Rave Freehaldeurg       61       11,95       28       4.311.3       1.2       3200/CS intl, 30.01. v       43       43
113       051       00.5 kpc Sim. Mr. V       108       -1       5,75% 257.0 7.1 ks       21       105.0 100 to Group 100.0 110.0 177       4.313.2 3.2 10.9         128       051       D0.5 kpc Sim. Mr. V       108       -1       5,75% 257.0 7.1 ks       27       -5.0 7.9 ks       27       -5.7 19.1 7.9 ks       27       -5.7 19.2 ks       27       -4.2 ks. 21.2 ks       27       -4.2 ks. 21.2 ks       27       -4.2 ks. 21.2 ks       27       -4.2 ks. 21.7 2.8 28.4 ks       25.7 19.2 ks       27.9 ks       -5.2 ks       -	133       Syran Deta (275)       143       21.0       3.4       2.0       19.8       458       -4       458       +7       15.9       169       19.2       2.5       2.5       1.6       -7<	- 229 [C1140a 10=11200-12.9 C124 - 5 (114 - 5 (117 - 5 (1
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192         192 <th193< th=""> <th193< th=""> <th193< th=""></th193<></th193<></th193<>	340       2001 months (2001, V50)       318 + 4       451 + 587 ± 201 + 12       419 + 4	9 373 373 - 1 18 m - 5.7 - 19.6 2.0 5.1 13.0 1 13 9000 mr Warm 10 m 372 - 1 18 m - 5.7 - 9 373 252 10 mr Mather 1 M - 351 - 7 7.0 2.9 2.4 15.1 123 9000 mr Warm 10 m 128
157/14% (Brant Group	1317         2324         2717         2324         1022         9 50           ENGINEERING           106/avv 100         125         115         2         116         116         117         107 <td< td=""><td>2 323       223       223       224       224       223       224       224       223       224       222       222       224       224       222       222       224       222       222       224       222       222       222       224       222       222       222       222       222       222       222       222       222       222       222       222       222       222       222       222       224       222       222       222       224       222       227       224       <td< td=""></td<></td></td<>	2 323       223       223       224       224       223       224       224       223       224       222       222       224       224       222       222       224       222       222       224       222       222       222       224       222       222       222       222       222       222       222       222       222       222       222       222       222       222       222       222       224       222       222       222       224       222       227       224 <td< td=""></td<>
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LONDON SHARE SERVICE

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	ADVERTISING  ADVer	<sup>1</sup> / <sub>2</sub> <th>11       11       10       <td< th=""></td<></th>	11       11       10 <td< th=""></td<>
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## LONDON STOCK EXCHANGE

## Markets remain prey to interest rate worry as half point base rise brings losses in Gilts

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ANOTHER HALF point rise in UR base rates proved disconcert-ing for the London securities markets which had braced them-selves for an increase of a full point or even more as a clear statement of the Government's intentions to restrain domestic inflation.

intentions to restrain domestic inflation. Early losses in equities were reduced as the leading banks lifted their lending rates to 10.5 per cent. Housebuilding and con-sumer issues, nearest in line to suffer from higher interest charges, finally showed only minor losses. Index-linked Gits aboved small, mixed changes. The argument for s full point riss, well rehearsed by the week-end Fress, seemed confirmed when eurly dealings saw London money market rates signposting 11 per cent base rates. Conse-quently, the Bank of England's signal for half point base increases - the sixth in as many weeks - left the markets baffled and disappointed, as well as con-vinced that another half point rise will come soon, perhaps early part week. "We wanted a firm lead from the authorities, and we did not get it", commented one leading trader in the Gift-edgel sector. Government boads ended with losses ranging to % point. The quantiary over base rates overshadowed the latest indica-tion of buoyancy in the economy in the form of the announcement of a 0.4 per cent rise in UK retail sales in June. News that the Pub-

m the form of the announcement of a 0.4 per cent rise in UK retail sales in June. News that the Pub-lic Sector Borrowing Require-ment (PSBR) was close to zero last month was expected and added little to the bond market's view of the outlook for Govern-ment funding. ment funding.

ment funding. Equities opened sharply lower and estended their losses as the market awaited the base rate move. The sector showed a loss of around 20 FT-SE points when the news came, and then rallied in very thin trading. At the close, the FT-SE 100 Index was 12.2 off at 1849.3, still uncomfortably short of the 1860 mark, its most recently perceived support level.

mark, its most recently percerved support level. As the central banks acted to cap the US dollar, several UK securities houses commented on securities houses commented on the outlook for the US currency. In its latest Equity Briefing, War-burg Securities said, "the dollar's current strength is likely to per-sist in the near-term but on a three month view we expect the US currency to come under renewed downward pressure. Warburg expects the dollar to

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recover lost ground in 1989 with sterling back to \$1.70 by the mid-dle of the year, and in prospect of moving lower. Hoare Govett told clients that

Hoare Govett told chents that sentiment towards the dollar turned even more bullish last week following the Senate testi-mony of Dr Alan Greenspan, chief of the Federal Reserve Board. Hoare entitles its latest Market Update, "A one-way ticket on the dollar."

ticket on the dollar." However, James Capel in its latest review of the equity mar-ket says that, "over the past two months, we have had more had news than the market has had to cope with over any similar period since the October Crash", and wet "counties are sitting comfort

since the October Crash", and yet "equities are sitting comfor-ably at a level well above where they were in mid-May." The significant feature, yet again, was the lack of business in equities. With the exception of oil shares, which sprang to life on the news that Iran had accepted ceasefire proposals in the Gulf war, it was left to a thin sprinkling of speculative issues to provide the features. Oil shares moved abead on the Gulf news, with analysis antici-

Oil shares moved abead on the Gulf news, with analysts antici-pating the summoning of a new meeting of the Opec pricing com-mittee. Mr Phillip Lambert of Kleinwort Grizveson commented that the re-strengthening of the Opec cartel would outweigh the implications for oil prices of increased flows of crude as iran and Iraq stepped up supply and shipping flows returned to nor-mal.

Government bonds were no more active than equities. Short dates opened sharply off, but steadied later to close with yields dates opened sharply off, but steadied later to close with yields in line with the new 10.5 per cent base rates. Longer dates were also about & down, indicating some disappointment that the authorities had not given a clearer signal against inflation. Bank of heland extended last Friday's rapid advance, spurting 8 more to 256p after it was revealed late in the day that Doo-tor Tony A. Ryan, chairman and chief executive of Guinness Peat Aviation, has acquired, "in his personal capacity", 5 per cent of the issued capital of the bank. In a statement Bank of Ireland said it "welcomes the acquisition of 5 per cent by Doctor Ryan which reflects confidence in the bank's strength and the sound-ness of its development strat-egy". But there was speculation in London about further stake-huilding. Banks Horis McDongall rose 7

huilding. Ranks Hovis McDongall rose 7 in turnover of 21m. Dealers said there was continued buying interest after the positive Press comment of the weekend in addi-tion to hopes that a bid from Goodman Flekker will finally be forthcoming

Goodman risker with many be forthcoming. Speculation centred on the tim-ing and consequences of a Good-man bid, with Wednesday morn-ing suggested. The initial bid is expected at 455p cash and dealers

### 1988 Since Compilation July 15 Juty 14 July 13 Jely 12 Jaly 15 Ago High Low High Low 87.32 87.78 87.82 87\_52 87.78 90.78 91.43 Comment Sector 86.97 127.4 49,18 (18/4) 98.67 03/1) 94.14 0/1/75) (9/1/35) 97<u>5</u>1 97.24 97.19 97.34 97.27 98.53 Fixed interest . 105.4 50.55 (8/1) 1349,9 (8/2) (25/5) (28/11/47) (3/1/75) 1497.5 14%.7 1500.8 1494.3 1869.6 2483.3 1510.5 Ordinary # 1926.2 49.4 aim 0.6/7/87) (25/5/40) 195.4 <u>221.1</u> 223.7 222,0 218.1 217.5 424.8 312.5 734.7 43.5 QД 015/2/83) (26/10/71) 4,50 S.E ACTIVITY 4.49 4.49 4,49 4.48 3.04 Ord. Oly Yield ... July 15 July 14 Indices 11.40 11.37 Earnings Yki, %(full) ...... 11.39 11,40 11.42 7.40 125.9 189.7 3169.5 10.68 10.68 10.66 10.71 10.66 16.61 127.4 188.1 2241.1 P/E Ratio (net)(\*) ..... 30,026 27,640 57,964 SEAD Bargains (Som) 24,570 23,962 25,365 Equity Turnover (5m) ..... 1568.09 1108.74 905.87 985.17 1562.29 -134.5 183.7 2132.5 130.0 73,592 29,276 29,031 26,085 26,060 Equity Bargains -186.7 499.4 480.0 368,8 370.0 828.2 Shares Traded (mD). 2245.3

FINANCIAL TIMES STOCK INDICES

### 12 p.m. 10 a.m. 11 a.m. 1 p.m. Opening 2 p.m. 3 p.m. 1490.1 1480.7 1482.8 1488.3 1480.1 1480.0 1479.5 Day's High 1490.2 Day's low 1479.2

Basis 100 GowL Sect 15/10/26, Fixed Int. 1928, Ordinary 1/7/36, Gold Mines 12/9/55, S E Activity 1974, \* NU=10.58

### LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

best performers time year, came after the announcement of a major patents agreement with American computer giant IBM. The deal was given an immediate thumbs up by dealers and ana-lysts - "typically Amstrad, pre-paring its way for the future", a top industry observer said. Yale & Valor continued to respond to last Friday's confir-mation that Ingersoll Hand has a stake in addition to the 3.9 per cent holding declared by Wil-liams Holdings. In active early trading the shares rose to 4800 before drifting back to 4800. Deal-ers reported good new buying amid an absence of selling as investors held their stock in anticipation of a hid. In later trading the shares

anticipation of a hid. In later trading the shares surged afresh, closing at the day's high of 492p, a gain of 27p. Dealers speculated that a bid around the 52 level for Y&V from Ingersoll Rand might he announced this morning. British Aerospace provided one of the day's few bright spots in the wake of week-end com-ment on the Rover car group deal and the recent Saudi Arabian arms agreement, Although not on last, week's scale, turnover

LONDON REPORT AND LATEST SHARE INDEX: predict an immediate counter-bid at the 475p level. AB Foods was mentioned as a possible bidder and this was given considerably mora credence than the other names of possible white knights which included Cadhury and Grand Metropolitan. AB Foods shares were unchanged at 223p. Amstrad shares were heavily traded(6.2m) and raced abead to close a net 7 higher at 225p, after touching 27p earlier in the day. The latest burst of strength to the stock, one of the market's best performers this year, came after tha announcement of a major patents agreement with

barrel jump in crude oil prices, There was strong support for BP "new" via the inter-dealer broker screens with the shares inally quoted at 62p, up 1%p, after turnover of 10m. BP "old" edged up a couple of pence to 260p on turnover of 5m. Widespread international buy-ing lifted Shell 12 to 1056p with some 1.6m traded. Burmah moved up 6 to 545p but the rest of the second liners were much more restrained. Carless Capel, however, added 5 to 119p in response to acquisiton news. Enterprise, turnover 1.6m, and

Insponse to acquisiton news. Exterprise, turnover 1.8m, and LASMO, turnover 2.8m, attracted a good two-way husiness throughout the session but the former remained 6 lower at 457p. GUS "A" dropped 7 points to flok on concern about its com-petitiveness in the UK mail order market and ahead of its annual results due on Thursday. After French mail order firm La Redoute bought just under 20 per cent of Empire Stores last week, analysts fear other big European mail order specialists are looking for similar opportunities to break

(M24)

far similar opportunities to break into the UK market. Analysis at Warburg Securities are forecast-ing pre-tax profits for GUS of £380m, while Morgan Stanley's on last week's scale, turnover smounted to some 3.1m as the

stores team takes a alightly less positive line in predicting profits of £378m, compared to £337.6m last year. Babygro plummeted 25 to 40p after the announcement that the

4 p.m.

1483.6

year-end loss before tax of SL74m. The banks shrugged off the general market slide and man-aged to hold relatively steady after a fresh batch of positive notes on the sector, the latest hike in base rates and bullish news on third world debts. Citicorp Scringeour Vickers rivialmed its stance as an "aggres-sive buyer of the sector", while County NatWest WoodMac said the forthcoming bank reporting season abould "re-enliven the sector as underlying profits should continue to show satisfac-tory growth. The sector remains cheap, with Barclays and Nat-West having the strongest bal-ance sheets and their shares appearing the most under-val-uet.

Merchant banks were under pressure all day with Morgan Grenfell finally 5 off at 318p. Kleinwort Grieveson were 7

## **NEW HIGHS AND LOWS FOR 1988**

NEW HIGHS (146). RE.W FRANS (146). AMERIMCANS' (28) CANADARS (11) MARGES (5) DREWERS (1) BUILDANGS (2) CHEMICALS (5) STONES (3) HE ECTINICALS (1) ENGINEER-ING (3) FOODS (4) INDUSTRIALS (27) INSUR-ANICE (0) LEISURE (4) INDUCTRS (7) INSUR-ANICE (0) LEISURE (4) INDUCTRS (7) INSUR-ANICE (4) TECTLES (1) TRUSTS (7) OLLS (9) MINES (14) TERED MARUGET (1).

THE LOWS (73, BHITHEN FUNCTS (45) LOAKS (15) BUILDINGS (1) McCarthy & Stone, STOMES (2) Buildings (2) McCarthy & Stone, STOMES (2) Building McCarthy A Stone, STOMES (2) Building (2) McCarthy A Stone (2) McCarther (2) McCarther

1ASM0 420 40 62 82 6 20 25 (454) 460 13 40 56 22 40 45

easier at 380p after a leading securities house lowered incur-rent year grofits projection. Business in composites was again at minimal levels with Guardian Royal Exchange unchanged at 187p after the share split from 25p nominal to 5p nominal. Starge Holdings, the Lloyd's underwriting agent, slumped 10 more to 255p ex-div-idend, still depressed by reports of areaignations by Lloyd's mem-bers.

bers. International stocks were meaning, with dealers marking prices down, but doing little busi-ness. Beecham held up well, shading 2 to 477p, while Pisons shed 6 to 258p. FCI rallied to close 1 down at \$10%. Citicorp Scrimgeour Vicker's analyst Martin Evans has upgraded his 1989 estimate by \$40m to \$1.6m abead of the interim figures due soon.

morning.

by 240m to 51.6km absad of the interim figures due soon. The Brewery sector featured another good performance from Whithread, down just a penny on the day to 305p as the market continued to theorise about pos-sible changes in the company's voting structure. Scottish & New-castle shares went ex-dividend and fiell off with the wider mar-ket to 307p before a small rally pulled them to a close of 312p. down 9 on turnover was 1.6m.

ket to 307p before a small rally pulled them to a close of 312p, down 9 on turnover was 1.8m. Base had a bad day, marked down early on amid rumours that a line of stock was available. The shares ended 11 worse at 75p. While most of the regional brewars were steady or slightly worse, Yanx improved 5 to 645p on hopes that a bid might yet be forthcouring. Boots also traded on a more fively note than most. Interest was enlivened by prospects for yourse, but in line with the rest of the market the shares eventu-ally settled with a fall of 4 at 227p in a volume of around 2.8m. Whitecroft gained 7 to 309p on the proposed sale of its Builders forthcount division to Creigh-to Advantor attention to Creigh-ton Lorentes which salvanced 42 to 368p, while Beaveron, still rimproved 8 more to 213p, Bank Organisation, in contrast, contin-side to lose ground, easing 6 to 718p, but volume amounted to only just over half a million

shares. R. Martin Groome were tempo-rarily suspended at 2359, up 11, following the announcement that the company is in discussions which could lead to an offer forthe whole of the issued share

Peachey was the highlight of a Property sector unhinged by interest rate works, after Wer-sldhave, the Dutch company which announced that it held s-10.4 per cent stake in Peachey last week offined 6120 cash for the remaining shares. The offer, valuing the UK company at 2565m, was promptly rejected by Mr John Brown, Peachey's com-hative managing director. After stempts to conclude an agreed ket was expecting Werekinster, the mar-ket was expecting Werekinster, and half away to 2250 before set 10.4 per cent stake in Peachey and half away to 2250 before set 10.5 off on halance at 2270. Barratt Develogments, down to Setting the UK company at Setting the UK comp valuing the UK company at Statism, was promptly rejected by Mr John Brown, Peachey's com-bative managing director. After attempts to conclude an agreed bid failed late last week, the mar-ket was expecting Werekhave to come in with a low first bid. Most observers predict that Peachey will force the Dutch to up their offer to 640p or 650p before accepting. Peachey finally closed 12 up on 650p.

tries settled 6 lower 21 43/9, and 4350. John Maunders' hardened a penny to 950 on news of Redrow Group's 7.18 per cent holding A quiet day in the Traded Options Market ended with 24,153 contracts traded, of which. 15,658 were calls and 8,495 puts. Best performers were British Gas, with 2,611 calls and 673 puts, and BTE with 2,073 calls and 218 puts. accepting, reachey multy closed 12 up on 5300. Dealings in Atlantic Computer shares were suspended at 8 am after the group announced it had received a bid approach "which may lead to an agreed offer". An announcement is expected this morning.

FINANCIAL TIMES TUESDAY JULY 19 1988

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**Traditional Options** 

merning. GEC were immediately spoken of in the market as a likely bid-der hut overseas bidders were not ruled out. Atlantic shares closed at 385p last Friday even-ing.

First dealings July 11
 Last dealings July 22
 Last dealings July 22
 Last dealarations Oct 13
 For Satilement Oct 24
 For rate indications see end of London Share Service

closed at 365p last Friday even-ing. BICC, a strong market last week, turned alamply excite to close 9 down at 351p. British Telecon dipped 2% to 245p ex-dividend. Numerous firm fea-tures emerged in second lines. Northamber were keenly sup-ported and jumped 18 to 362p ahead of preliminary figures expected today; Warburg Securi-ties are forecasting pre-tax prof-iss of 5m compared with last time's 52.7m. County NatWest are going for 54.9m. The prospect of a sharp increase to any great extent. House-builders, regarded as one of the

TRADING VOLUME IN MAJOR STOCKS

d on trading volume for Alpha securities dealt through the SEAQ The following is based on tra system yesterday until 5 pm.

 
 Stack
 Volume 000°
 Stack
 Volume 000°

 ASDA Errorp
 1.500
 Stack
 000°

 ASDA Errorp
 2.500
 General Accident
 537

 Abberg Life
 2.600
 General Accident
 546

 Allied-Loos
 2.600
 General Accident
 547

 Antroid Group
 3.100
 Group devestment
 544

 Arguit Group
 3.100
 Group devestment
 6430

 Assac, Brit, Fooda
 200
 Granada
 552

 BAA
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 BAT
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 Ba Volame 000's Stock Volume COU's Stack . Stock 2 552 444 2 100 4 634 950 1 100 1 100 1 100 1 100 1 100 7 38 91 BPS Lads Statisti & Sartin -Salmbory -Scott & NewCastle -Scott & NewCastle -Statt Transport -Statth & Nepher -Statth & Nepher -Standard Chartered , 22222222222 Storebouse 832 4,000 1,505 1,505 1,502 1, Tate & Lyle ..... Tate of Tesch EMI THERN EMI Trafalgar House Forte Uniterative Uniterative United Biscuits Welcome Whitbread "A"

LONDON TRADED OPTIONS 
 Option
 Juli, Oct. Jan. British Funds Corporations, Dominion and Foreign Bonds Industrials Flaancial and Properties

**RISES AND FALLS YESTERDAY** 

These indices are the joint compilation of the Financial Times, d the Fa

**FT-ACTUARIES SHARE INDICES** 

after the announcement that the company has agreed takeover terms with fellow-childrens' wear specialists Robert Lowe. The offer values Babygro shares at 42p, and the company at roughly 54.4m. The news came in on a day when Babygro reported a year-end loss before tax of 67.24m

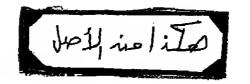
	of Actualities and the Factory of A	PAGE LINE NOT	Beit Alrean	460 1 1	2 20 40	42	44		24 38 53 63 6	
EQUITY GROUPS	Monday July 18 1988	Fri The Wed Yes Jul Jul Jul Jul ag 15 14 13 (appr	Brit, Alrearys (*249)			15	8 (*570) 20 8 Pftklagtag 20 (*214)	550         27           600         4           650         1           200         19	42         62         5         18         2           18         37         35         47         32           7         -         85         90         11           29         33         3         6         11	0thers
& SUB-SECTIONS	Est. Gross Est.	15 14 13 (appr			0 20 20 6 32 1	3	32	200 19 220 5½ 240 ½ 140 31	29     33     3     6     11       17     23     12     18     22       9     14     27     30     33       36     40     1     2     4	Totals
gures in parentheses show number of stocks per section	Est. Gruss Est. Earnings Dir. P/E xd ad ladex Day's Yield% Yield% Ratio 1988 No. Change (Max.) UAct at (NeU) to dat % (25%)	d). 8 Index Index Index Index Index nte No. No. No. No. No.		240 21 2 260 41 1 280 4 4	35 11 23	2 14 28	8 Pleasey 16 (*169) 30		21 26 3 7 11 10 16 14 16 22	
			(777)	800 5 32 850 1 1	6 45 <b>20</b> 7 <b>30</b> 77	37	27 Prodestlaj 52 (*165.) 90	150 19 160 95 170 3	13 19 2 7 9 8 1- 8 12 9	
CAPITAL GOODS (208)	842.32 -0.6 9.97 3.74 12.42 14.4 1002.52 -0.9 11.23 4.22 10.95 18.4	86 807,28 808,23 809,16 1027, 65 1011.68 1016.69 1018.31 1336, 91 1570.30 1577,20 2577.46 1922, 13 2383.45 2383.31 2176,21 2733.	24 Cable & Wire 15 (*380.)	360 22 43 390 4 20 420 1 -	2 48 21 0 30 18 43	27	19 Azcal 24 (*341.)	300 45 330 19 360 6	26         86         15         6         9           35         46         6         14         21           19         30         24         28         34	EQUITIES
Contracting, Construction (36) Electricals (12)	1556.67 -0.9 10.53 3.46 12.41 26.5 2176.10 -0.3 8.68 4.58 14.26 48.1	91 1570.38 1577.28 2577.46 1922. 13 2183.45 2183.31 2176.21 2733.	22 Costs. Gold 1 (5 (*1036) 1	000 50 85	5 125 3 7 30 70	47 1	57 <u>R.T.Z.</u> (*419)	390 38	50 62 4 11 15 33 44 15 27 32 18 27 47 52 55	
Electronics (31)	1759.76 +0.1 9.66 3.38 13.19 21.3 426.62 -6.7 9.55 4.10 12.98 8.3 593.68 -6.7 9.19 3.70 13.42 7.9			100         4         47           500         42         55           330         12         32           360         110         16	5 - 1	4	- Van Deriv	460 4 70 17	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	- the g date Bigs Low
Motors (14)	284.44 -0.9 11.51 4.51 10.07 5.2	22 287,83 286,91 285,19 399. 43 1327,22 1332,41 1334,73 1682.	79		2 42 2 27 24 2 61 1	1.9 1	15 (*\$85 7 15 <b>B</b> ation	90 2½ Sep 1	612 9 9 13 16 Dec Mar Sep Dec Mar	g890         F.P.         -         220         275 (mapping training trandom training trandom training training trandom t
CONSUMER GROUP (187) Brewers and Distillers (21)	1893.87 _0.8 2.99 3.58 34.05 37.3	13 1102.26 1192.04 1104.60 1381. 57 1117.72 1114.86 1124.47 1248.4		330         44         50           560         18         29           390         4         15           170         13         14	40 5 28 22	20 32 3	Amestrad (*225)	180 49 200 30 220 17	54 61 12 22 5 36 45 4 9 13 15	F.P.         6         4 Do. Wrmts.         5 Ja         Ja           F.P.
Food Manufacturing (22),	1105,94 -L1 10,75 3.46 11,74 17.4 973,89 -Q.4 8,74 3.64 14.64 17.4 2007,55 -4.3 8,64 3.372 15,32 21.4 1866,89 -4.9 6.47 2.61 17.41 17.9 1335,66 -8,8 8,59 3,73 14,65 24.5	16 2814.12 2924.22 2008.41 2589.4			12 12 <sup>1</sup> 2 11 14 6 19	442 99 24	5 Banclays (*415)	395 30	40 - 13 18 - - 35 - 32 35 - 40	300         120         30         970         Bortisti Perroteum         20         41         8125         1.5         6.1         13           1355         F.P.         175         138         Henadoreil Land 300         170         4         1.4.1         2.6         3.3         11           1357         F.P.         125         128         Henadoreil Land 300         170         4         1.4.1         2.6         3.3         11           6125         F.P.         125         128         Henadoreil Land 300         170         4         1.4.1         2.6         3.3         11           6125         F.P.         126         128         Henadoreil Land 300         160         122.2         1.4.1         2.6         3.3         11         1.9         3.3         1.1         1.9         3.3         1.1         1.9         3.3         1.1         1.0         1.1         2.6         3.1         1.2         1.1         1.2         1.1         1.3         1.2         1.6         1.2         1.1         1.3         1.2         1.4         1.2         1.2         1.4         1.2         1.2         1.4         1.2         1.2         1.4
Health and Household (12) Leisure (30) Packaging & Paper (17)	1866.09 -4.9 6.67 2.61 17.41 17.9 1335.66 -4.8 8.59 3.73 14.65 24.5 525.88 -8.5 9.26 3.83 13.88 9.1	56   1346.64   1347.20   1358.45   1454.4	(*158)	140 19 20 160 15 7 100 4 2	11 3 <sup>1</sup> 14 6 23	13 1	5	100 L 11		300         120         80         995         British Pernetum         42         8122         15         61         11           1135         F.P.         125         135         F.P.         125         135         F.P.         125         133         131
Publishing & Printing (18)	3485,95 -0.5 8.18 4.38 15.43 72.3 808.35 -1.1 10.22 3.98 12.91 14.5	7 3503.81 3518.33 3520.67 4540.4		300 35 42 330 9 22 360 1 8	53 1 54 5 19 28	18 1	BTA 9 (276)		41         53         10         17         21           32         32         32         36         41           30         36         54         8         17	Size         FP         2077         166         1290         Content Yung         Size         Find         3.4         13.5         50           Size         FP         -         100         106         Allow regulation         -         100         104.4         13.4         13.5         10           -         -         100         106         Allow regulation         6.07         100         144         4.6         12           -         -         FP         22/7         163         141         English & O'man Froms Life:         141         -2         126.4         4.9         2.5           -         100         106         English & O'man Froms Life:         141         -2         126.4         4.9         2.5           105         7.7         100         106         English & O'man Froms Life:         143         -2         12.0         13.4         4.8           105         7.7         100         106         English & O'man Froms Life:         143         -2.5         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3         12.3
Textiles (17) OTHER GROUPS (93)	604.81 -L1 11.41 4.50 10.29 12.5 903.24 -L1 10.64 4.52 17.51 17.3 1144.33 -L2 7.52 2.34 16.79 15.7	4 913.27 914.31 915.82 1169.4		420 65 70 60 25 40 500 3 18	55 20	3 11 31 3		200 12 200 12 300 43	17 25 16 19 21 10 16 30 33 35 10 6 9 9 9	P.P.         22/7         153         141         Econists & Group Fuel         141         -         152.5         4.59         22.5         163           1055         F.P.         106         106         Econists & Group Fuel         166         163         31         4.6         25.3         31         4.6         25.3         31         4.6         25.3         31         4.6         25.3         31         4.6         25.3         34         4.6         25.3         31         4.6         25.3         31         4.6         25.3         31         4.6         25.3         31         4.6         25.5         32.2         15.5         7.6
	903.24 -11 10.64 4.32 11.51 17.3 1144.33 -12 7.52 2.34 14.79 15.7 1884.77 -4.4 11.11 4.52 18.97 24.9 1977.26 -4.4 10.31 4.40 11.17 29.9 1977.26 -4.4 10.31 4.469 11.80 34.9	6   1893.63   1068.13   1092.98   1453.4	8 <u>3</u>	500 3 18 150 30 - 100 6 36 150 1 -		<u>31</u> 3 63 7		40 3	48 60 15 23 32 32 42 40 47 32	9100         F.P.         647         113         100         HPC Group 124p         113         112         113         113         112         113         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         112         113         113         114         113         114         114         114         114         114         113         113         114         114         114         113         114         114         114         113
Sh)pping and Transport (12)	1987.25 -0.6 11.22 4.69 11.89 34.9 965.89 -2.4 11.52 4.61 11.26 20.30	4 1918.98 1925.93 1915.66 2473.9	5	194 18 20	40 14		CIB1)	160 24 190 12 200 4	30         34         21         5         8           10         12         12         13         17           10         13         25         27         28	- 160 F.P. 297 163 165 1165 2015 165 -1 156 -1 13.6 13. 3.0 14. t F.P 118 165 14550 5005 100 116 13.0 3.3 3.6 11 5155 F.P 146 127 Minaton Screep 100 146 3.7 2.5 3.4 113. - 900 F.P. 297 105 17 100 100 100 100 100 100 100 100 100
Miscellaneous (26)	1184.96 -0.5 11.45 4.35 9.97 20.92 978.42 -0.8 9.76 3.08 12.76 36.74		1 Jand Saturdation 1	10         10         17           100         1         10           100         55         70	16 36		Elaure (*985)	950 73 1000 45 1050 24	92 120 24 42 50 15 99 45 66 75	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$
	1838.26 +0.5 10.88 5.79 11.82 39.80 1051.28 -0.6 9.92 4.15 12.62 18.74			50 12 35 50 14 14	45 8 23 50	02131 12120	Hagter Skid. (*526.)	460 78 1 500 45 500 17	15 97 4 6 15 57 70 10 11 15 57 70 10 11 15	- 140 F.F 141 128 Ruddort Group 220 127 103.9 3.3 4.0 8.3 4 F.F. 143 115 Suddort Group 220 138 -1 40 F.F. 38 M Scarticity Reve 100
FINANCIAL GROUP (121)	709.87 -0.5 - 4.80 - 15.33 684.51 +0.2 20.91 6.13 6.41 18.03	3 713.28 714.73 719.45 878.4		40 12 10 80 1 8 50 4 34	12 13	12 1	HElladown (*275)	250 17 260 23	10         42         37         43         50           10         40         3         6         10           10         26         11         14         17	F.P.         163         115         Samflett         136         1         136         1         136         1         136         1         136         1         136         1         136         1         136         1         136         1         136         1         136         1         137         131         13
Insurance (Life) (8) Insurance (Composite) (7)	1051_17 -0.7 - 4.77 - 24.97 549_87 -0.9 - 5.39 - 13.42	7 1058.51 1963.36 1968.79 1167.2 2 554.13 555.53 537.88 664.9	Britail 4 (*500 ) 4		- 127	- 1 - 5 - 14	- (*144.)	300 3 130 144	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	\$\begin{pmatrix} FD & 1 & 23 & 22 & 10 & 10 & 10 & 10 & 10 & 10 & 10
Merchant Banks (11)	359,39 -1.1 4.02 7.93	4 1815.84 1818.63 1812.98 1383.8 3 363.37 363.13 362.71 585.5	Holls-Royce 1	30 17 21 40 73 134 60 3 5		4 6 67 4 25 21		140 9 1 160 14 271 31 1	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	
Other Financia) (30)	216,18 -0.9 5.08 2.65 25.26 13.44 392.07 -0.1 9.99 4.82 12.54 9.27 926,87 -0.7 - 2.94 - 12.04	7 392.44 394.62 395.42 608.6	STC 2	60 4 5 50 28 36 80 11 23 00 3 15	8 15 46 4 33 3 24 14	135 21 5 0 10 15 23 25	(201)	240 17 1	2 7 6 10 14 5 14 17 20 25	
Investment Trusts (78) Mining Finance (2) Overseas Traders (8)	926.87 -0.7 - 2.74 - 12.04 517.47 -0.9 9.26 3.43 12.22 0.12 169.28 -1.1 9.85 4.78 11.93 29.22	2 522.19 522.78 528.39 613.7	3			23 26	Midland Bk (*435 )	390 48 420 30 440 9 1	0 - 3 10 - 0 47 16 22 32 10 28 43 47 55	FDED INTEREST STOCKS
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## WORLD STOCK MARKETS

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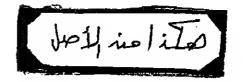
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WORLD STOCK MARKETS Trading monopolised by 25 leading stocks

## AMERICA **Increase in oil price fuels** persistent inflation fears

### Wail Street

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THE PROSPECT of rising prices and interest rates con-tinued to unsettle US financial markets yesterday with the chance of a settlement of the Iran-Iraq war adding to inflationary fears, James Buchan urites from New York. Stocks fell throughout the

day yesterday as concern about rising interest rates prompted investors to crystallise gains made in three days of steady but unspectacular improve ment at the end of last week. The Dow Jones Industrial Average, the index of 30 blue-chip shares, ended the day down 11.56 points at 2117.89 having traded as low as 2105 at iunchtime. Broader averages were also down, with the S & P 500 at 270.51, down 1.54.

Volume was a moderate 156.5m shares and a substantial portion of the business done was in three ntility stocks - Pacificorp, Idaho Power and Centerior Energy - which attracted beavy trading because of their large dividend payments.

The stock market's weakness came as oil prices rose in response to the surprise announcement that Iran is ready to comply with a cease-fire to its eight year war. The rise in oil prices, which had August futures up 69 cents a barrel to \$15.55 at one stage yesterday morning, nagged inflationary anxieties just as news emerged of tightening

### EUROPE

## Milan rally gathers pace with 2 per cent advance

NEWS of a half point increa

but concern that the rate ris

in base rates led to small rally,

was not large enough left prices lower in thin trading.

The FT-SE 100 index lost 12.2

to 1,849.3 despite some strength in oil shares on cease-

fire proposals in the Gulf war.

London

GROWING concern over interest rates unsettled some European bourses yesterday, while others were lifted by the positive US response to the trade figures. A surge of demand sent Italy sharply higher, writes Our Markets

MILAN continued a rise that began to gather speed on Friday afternoon as the monthly trading account closed. Many leading\_stocks finished at or above Friday's levels despite

FRANKFURT fell back in a bout of interest rate jitters fol-lowing the dollar's rise in the going ex-dividend. The market showed a 2 per cent rise, with the Comit index up 10.21 at 520.45, and volume was estimated to have been wake of the US trade deficit news. The DAX index shed 11.39 to 1.179.74 in fairly low higher than Friday's L170bn,

capacity in US industry. The federal government reported that US factories, utilities and mines operated at 83.1 per cent of capacity in June as against 82.9 per cent in May. The financial markets fear that continued strong demand for US products will allow mannfacturers with tight capacity to

push np prices. Amid fears that US interest rates must rise to choke off this inflationary potential, the Treasury long bond fell nearly a point to yield 9.234 per cent by the close. Federal Funds, a key short-term interest rate, were trading at just under 7% per cent. The dollar weakened against the yen and the D-Mark after a strong begin-ning to the day. There were reports of sales of dollars by the Federal Reserve.

A mong oil companies thought likely to profit from rising oil prices, Exxon shed \$% to \$45%, Texaco rose \$% to \$45%, Phillips rose \$1% to \$17% and Chevron put on \$% to \$48%. Arco, which revealed a \$557m tax demand from the federal tax authorities, added \$1 to \$82%.

Of the companies that reported higher earnings yes-terday, United Technologies added \$% to \$38%, Apple rose \$% to \$45%, NCR put on \$% to \$61% and Alcoa fell \$% to \$54%.

The banks reporting finan-cial results mostly saw earn-ings decline over the first quarter of this year. Comparisons with the 1987 second quarter

are not meaningful because of special provisions. Among the banks reporting yesterday, J.P. Morgan fell \$% to \$37%. Chase Manhattan dropped \$% to \$29% and Manufacturers' Hanover fell \$% to \$29. Among blue chips, Coca-Cola

was down \$% to \$37% while F.W. Woolworth fell \$% to \$49%. Primerica fell \$% to \$25% International Business Machines, which said it plans

to consolidate its domestic marketing and services groups, fell \$% to \$125%. United Teleon a new meaning as brokers literally burned the midnight cil. And the previous trickle of com, which said it was taking a controlling interest in US interest from foreign investors - inspired by the market's steady rise over the past six years - suddenly transformed Sprint, was unchanged at \$33%. GTE, its partner in the Sprint long-distance telecomyears - suddenly transformed itself into a torrent of overseas unications venture, fell \$% to **\$40** In the past couple of months a more traditional calm has

\*\*\*

York International dropped \$1% to \$58%. The company rejected a \$61-a-share takeover offer from Syndergeneral and said it would support a \$57.50-a-share buy-out bid from a group put together by Citicorp.

### Canada

FALLING golds and base met-als led the retreat in Toronto where shares posted a loss in quiet trading amid investors' concerns about rising interest rates. The composite index; which had fallen about 22

points in earlier trading, lost 16.9 to 3431.7 on light turnover of 17.7m shares

index closed 5.19 lower at 348.39. Volumes were estimated to be around or lower than

FFr700m - just two weeks ago, turnover was three times that level.

The market was worried that

possible hike in the West

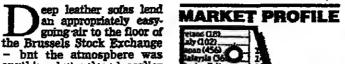
German repo rate would put pressure on the franc, and con-

month statements this week, which particularly benefited

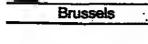
Japanese shares continued lower in London, with the ISE/ Nikkei 50 index shedding 6.01 to 1.741.51.

sequently on domestic rates. Midi. going ex rights, closed. Investors in Tokyo were con-FFr50 lower at FFr205 and car-maker Peugeot fell FFr25 to ZURICH edged higher, helped by the US trade figures and expectations of good sixdollar following Friday's US

stocks opened firmly, reflecting the improvement in the US trade imbalance, but later lost



ally (102) asan (456) balaysia (360) enice (24) etheriand (380) ether anything but relaxed earlier this year when Mr Carlo De Benedetti launched his bold if ultimately unsuccessful take-over bid for Société Générale de Belgique. At the height of the battle in February, the average daily turnover for the Brussels



ume levels of 1986 and 1987 and BFr2bn. year Was Over-the-counter, or "off bourse", trading volume is estimated at four to five times that on the exchange. Persistent speculation in the "After hours" trading took

shares of oil group Petrofina apart, the main preoccupation at present is the plan to bring on line a new Computer Assisted Trading System (CATS) by the end of the summer. Some market participants believe that deadline to be optimistic but when it happens it will spell the beginning of the end of a paper-based system which dates back to the Napoleonic era of the early 19th cen-

bourse, with daily volume on average less than BFr1bn in May and half that figure in tury. Brussels is one of four stock exchanges in Belgium, although of the other three The average daily figure for the first five months of the

(Antwerp, Ghent and Liège)only Antwerp can boast any atmificant activity.

The Brussels bourse is capitalised at abont BFr1,900bn (\$48.7hm). But of the 437 shares listed (more than a third of them foreign) only about 50 are actively traded, while just 40 to 45 per cent of the market is freely tradeable. The 10 largest companies account for more than half the total canitalisation, and the top 25 companies

for 80 to 90 per cent. The official market com prises a cash market (all stocks, next day settlement) and a forward market (most leading stocks, minimum transaction requirements, lower commissions and gener-ally 15-day settlement). The forward market represents roughly two-thirds of total activity. Trading is from 12.80 pm to

2.30 pm and there is no fired period for after hours trading. From September, official trad-ing will be extended to 9 am.4 pm, initially only for a small number of shares.

Only three companies are traded on the "Second Mar-ket". About 140 bonds (mostly government securities) are listed.

All transactions on the stock

STOCK MARKET FACT CHART 20135215

Market capitalisation: BFr1,900bn (\$1 - BF39, \$1 - BFr65,23) Number of shares listed: 290 Beigian, 147 foreign Top 10 stocks, percentage of market: over 50% Trading hours: official - 12.50 pm-2.30pm; no limit to alter hours trading

Average daily turnover, first five months 1988: SFr2bn Main Index: Brussels Cash Market (Total Return), 557 shares Current level of Index: 4,896.5; 1985 high: 5,043.1 (9/3). 1988 low: 3,808.35 (4/1)

Settlement: cash market - next day; forward market fortnightly

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exchange have to be made through a broker - there are more than 250 of them - but banks are permitted by law to carry out transactions of more than BFr10m "off bourse" and are increasingly anxious to break the brokers' florcely guarded monopoly.

The main barometer is the Brussels Cash Market Index (Return), which covers all comnamies and which has been one of Europe's strongest perform-ers this year thanks largely to the "Générale" effect. Leading brokers often use their own

indices comprising the most actively traded stocks. As Mr De Benedetti discov-ered to his delight, there are no restrictions on foreign share-

holdings. "Anti-raider" legista tion requiring buyers to reveal publicly any stake of more publicly any stake of more than 5 per cent is expected to be in place by the autumn. Shares are almost invariably held in bearer form and rank equally for voting rights. As a rule, dividends and interest on Belgian securities MCO I

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are subject to a 35 per cent withholding tax. There is no capital gains tax in Belgium, though companies pay corpora-tion tax on the sale of securi-ties held for less than five YORTS.

A profile of Singapore appeared last Friday. Tomox-row will feature Stockholm.

**Tim Dickson** 

## Falling yen sparks slide across the board

### Tokyo

ASIA

THE yen's slide against the dollar to a low for this year pushed equities down almost across the board in Tokyo yes-terday, writes Shigeo Nishiwaki of Jiji Press.

bourse topped BFr4.7bn (\$120.5m), four times the vol-

20 times higher than what was typical in the early part of the

returned to the floor of the

some recent sessions

decade

Only selective steel and high-technology stocks man-aged to close higher.

The Nikkei average dropped 251.67 from last Friday's close to 27,662.12 after moving between a high for the day of 27,975.07 and a low of 27,591.09. Volume fell steeply from 2.04bn to 1.15bn shares and the number of stocks falling far out-paced those climbing - by 637 to 241, with 171 issues unchanged.

cerned over the outlook for currencies, as the yen slid to a 1988 low of Y135.43 against the

trade deficit news. High-tech and giant-capital

Roundup

ber 1997 rose rapidly from Friday's 5.060 per cent to finish

27,594.04 on 86m shares traded down 68m.

AUSTRALIA reached a post-crash high in improved turu-

over as economic news, a stronger gold price and Wall Street's gains on Friday comon Friday. bined to draw foreign and domestic buyers. Optimism about the US trade

figures was fuelled by Austra-lian balance of payments data which were in line with market expectations.

The All Ordinaries index gained 18.9 to 1,642.5, its high-est level since October 19, as a shortage of sellers helped push prices higher. Turnover was. abont 140m shares worth A\$238m. a distinct improvement on the average figure of A\$170m for the first six

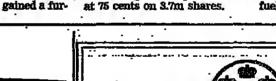
Volume was swelled by heavy turnover in Bell Group, which saw nearly 29m shares change hands and gained a fur-

ther 7 cents to A\$2.63. The buyer was reported to be Bond HONG KONG was hit by the absence of fresh news and shares closed lower, with the Hang Seng index falling 39.35 to 2,711.37. ATV Holdings lost 36 cents to HK\$1.99 after returning to trading for the first time since Corporation, which was actively purchasing on Friday after winning the go-shead to raiss its then 19,9 per cent stake. Bond itself rose 5 cents trading for the first time since its suspension on June 20, havto A\$2.30 after a 12 cent jump

SINGAPORE was lifted by a ing announced an agreement esumption of institutional to sell two-thirds of its interest bnying which pushed the Straits Times industrial index in ATV, the tv channel operator, to two local businessmen. to a post-crash high. Investors paid little attention to the fall in Tokyo, taking courage instead from the US trade fig-Hongkong Telecom lost a further 10 cents to HK\$6.80 on the Government's refusal to allow the group to carry cable television through its existing ures and Wall Street's

network. NEW ZEALAND reached a 8000.99 The index gained 15.62 to 1,146.58 in sharply higher turn-over of 60m shares compared new high for the year, with the Barclays share index rising a with 37m on Friday and an average daily figure of under sharp 31 points to 2,085. In the past two trading days it has climbed by 50 points, writes 25m shares in the first five months of this year. The most active stocks were again lower-priced issues, with Tan Chong Motor np four cents Dai Hayward

Falling interest rates, av weaker dollar and a substan-tial drop in inflation helped. fuel demand.



busiest with 62.8m shares, firmed Y30 to Y1,080. Hitachi Y60 to Y1,780 and Mitsubishi Electric Y12 to Y976. Demand was fuelled by tight supply in computer microchips. However, domestic demand-

Inked issues dropped as inves-tors shifted to glani-capitals. Ohbayashi declined Y18 to Y895, Mitsubishi Estate Y90 to Y2,290 and Sumitomo Bank

Y120 to Y3,220. Bonds dropped sharply as the Bank of Japan permitted a 0.0625 percentage point rise in the one-month commercial bill discount rate and as the yen fell. The yield on the bell-wether 5.0 per cent govern-ment bond maturing in Decem-

at 5.145 per cent after hitting 5.165 per cent. Equities in Osaka continued their downtrend, with the OSE stock average falling 168.57 to

months.

itself an improvement on the volume of DM2.7bn. levels around L110bn-L120bn of the past few months.

Foreign interest remained strong in a market that has lagged the rest of Europe this year, and there were reports of a large buy order involving foreign money managed in the UK. Blue chips attracted a lot of interest, with Fiat rising L140 to close at L9,530 ex a L270 dividend and then reach-ing L650 after hours ing L9,600 after hours.

Leading insurer Generali gained L1,210 to L85,100 and then reached L85,700 after hours.

Iniziativa Meta and its Standa department store sub-sidiary continued higher on speculative interest after last week's news of the sale of Standa to Mr Silvio Berlusconi. Meta rose L595 to L11,260 on talk that the terms of its transfer into the Ferruzzi group may be changed as a result of the high value put on Standa in the sale. Standa was up L890 at L20,810 amid rumours Mr Berlusconi might bid for the remaining 30 per cent of the company, a suggestion dis-missed by one analyst as unrealistic.

The market started well but succumbed to nerves as talk of an imminent rise in West German rates took hold and offset recent optimism about the stronger dollar's boost to exporters' earnings. Deutsche Bank, one of the

leaders of the advance, was hit heavily by profit-taking, falling DM11 to DM471. Insurer Allianz lost DM15 to DM1,463 after proposing an unchanged DM12 dividend for 1987.

discount and three-month trea-sury bill rates. The cash mar-ket index fell 23.7 to 4,895.8. The session also saw concern over possible tax cuts, which could be funded by the aboli-tion of tax credits such as those on dividends. High yield-ing stocks would suffer most and electricity producer Inter-com, the day's most active issue with 10,650 shares traded, fell BFr35 to BFr3245. Against the trend, publisher Axel Springer rose to DM538 before closing DM1 higher at DM531 after news that film dis-DM531 after news that film dis-tributor Mr Leo Kirch was seeking to raise his stake to over 25 per cent. Retailer Asko rose DM15 to DM965, pursuing last week's strong gains. Bonds dropped by up to 80 pfg on dollar and interest rate.

the banks.

fell BFr35 to BFr3.245. MADRID eased, with the general index losing 0.15 to 294.43. Sentiment was hit by fears. The yield on the 6% per cent 1998 federal bond rose to 6.82 per cent after 6.75 per cent. PARIS was also hit by inter-est rate worries, with turnover still very low after the Friday's news that the infla-tion rate for June, at 0.4 per cent, was double expectations. extended Bastille Day holiday. The CAC General index, cal-culated at the opening, was up 1.4 at 355.5 but the EFX 50 Banco Santander, announc-ing improved interim profits, was up 3 percentage points at

923 per cent of par.

AMSTERDAM ended mixed upward momentum on smallafter central bank intervention to dampen the dollar underlot selling.

Demand for large-capitals continued, and Nippon Steel mined sentiment. The CBS trend index eased 0.4 to 95.6 in headed the most active list, trend moex eased 0.4 to 95.6 m fairly low turnover. KNP added 20 cents to Fl 158.20 after announcing the sale of its paper wholesale interests. BRUSSELS lost ground on the last day of the two-week account, with trading hit by last week's rises in domestic discount and three-month trea-sury bill rates. The cash marwith 141.4m shares traded. It closed Y10 higher at Y754 on late bnying. Other steels moved lower, with NKK weak-ening Y5 to Y715 and Kobe, Steel Y13 to Y615.

Steel Y13 to Y615. Among other big-capitals, shipbuildings were favoured: Mitsul Engineering and Ship-building, second busiest with 85.2m shares, strengthened Y19 to Y714, and Kawasaki Heavy Industries, third with 63.7m chares shares.

The day's excitement came from the big three heavy elec-tricals, which climbed to all-time highs. Toshiba, fifth

### **South Africa**

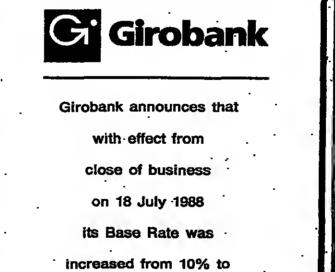
GOLD issues closed steady to slightly easier in quiet trading with a weaker financial rand buoying shares against a drop in bullion prices, brought about by the stronger dollar. Among the few movers Vaal. Reefs shed R4 to R299 and Freegold 50 cents to R31.50.

### **FT-ACTUARIES WORLD INDICES**

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzle & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

1	MON	IDAY JULY 1	8 1988		FRI	DAY JULY 15	5 1988	1988 DOLLAR INDEX			
US Dollar Index	Oay's Change %	Pound Sterling Index	Local Currency Index	Sross Olv. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)	
147.74 84.95 112.41 126.80 123.61 128.69 90.54 75.21 109.84 138.54 138.54 70.27 159.70 153.27 159.83 102.49 79.69 118.83 130.15 125.31 146.54 116.10 78.59 128.75 110.37	17 100 105 104 104 104 104 104 104 104 104	131.19 75.44 99.82 112.60 119.77 114.28 80.41 66.79 97.54 123.03 62.40 141.82 136.11 141.93 91.02 70.77 105.52 115.58 111.28 130.14 103.10 69.79 114.33 98.01	124.01 82.92 110.19 111.05 120.62 120.66 90.08 73.59 110.22 136.46 73.11 135.98 135.66 339.56 99.29 65.16 110.48 123.16 94.48 123.16 94.48 138.22 110.90 76.13 114.33 110.37	3.551 3.551 4.582 4.430 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.1582 4.157 4.552 4.5552 4.552 4.552 4.5552 5.5555 5.5555 5.5555 5.5555 5.5555 5.55555 5.55555 5.55555 5.555555	145.31 84.98 112.98 127.31 124.42 128.33 92.29 92.29 92.29 92.29 151.58 110.059 151.58 160.47 102.94 18.43 160.59 151.58 160.47 102.94 118.42 128.35 125.90 147.26 115.94 78.59 129.13 110.94	129,51 75,74 100,69 113,47 110,89 114,38 82,25 67,32 99,00 123,37 61,53 143,13 135,10 143,02 91,74 69,48 105,54 114,39 112,20 131,24 103,33 70,05 115,08 98,87	12231 8278 11047 11169 120.79 120.79 119.10 91.57 73.67 111.40 136.30 75.74 401.16 99.30 64.09 109.66 121.10 95.06 138.56 110.49 75.74 115.08 110.94	150.35 98.18 139.89 128.91 132.72 139.53 99.62 80.79 111.86 141.54 81.74 177.27 153.27 180.07 110.66 34.05 132.23 130.15 139.07 164.47 125.50 86.75 141.18 112.47	91.16 91.16 99.14 107.06 1111.42 106.78 72.77 84.90 104.60 104.60 107.83 84.90 104.60 107.83 90.07 95.23 64.42 98.55 97.99 118.10 130.73 96.92 75.60 123.09 99.19	147.19 97.02 125.53 138.23 112.96 106.64 99.17 135.36 142.12 97.58 127.05 185.61 301.54 127.41 109.30 151.58 163.35 1728.90 119.31 102.81 119.31 102.81 119.31	
103.41 157.21 135.71 111.24 87.65 127.26 135.33 125.33 125.61 109.29	-03 -05 -04 -05 -04 -05 -04 -05 -05 -05 -04	91.83 139.61 120.51 98.79 77.84 113.02 120.18 111.29 111.55 97.06	97.05 134.34 119.45 110.43 86.30 113.86 119.05 116.19 116.15 105.94	3.71 0.72 1.64 3.52 3.14 3.75 1.72 2.12 2.31 3.60	103.76 157.95 136.29 111.81 87.98 126.20 135.91 125.92 126.19 109.72	92.48 140,77 121.47 99.65 78.41 112.48 121.13 112.23 112.23 112.47 97.79	97.37 135.50 120.29 111.01 86.35 113.07 119.88 116.93 116.89 106.37	110.82 172.26 147.53 113.29 92.99 128.15 146.49 131.77 132.39 112.43	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	126.31 128.09 127.43 127.69 107.04 140.96 128.47 125.01 127.57 128.32	
	Dollar Index 147.74 84.95 112.41 126.80 123.61 128.69 90.54 138.54 109.84 138.54 138.54 102.77 159.83 102.49 79.69 118.83 130.15 125.31 146.54 116.10 78.59 128.75 110.37 103.41 157.21 135.71 111.24 87.65 127.26 135.33 125.31	US Dollar Index         Oay's Change %           147.74         +1.7           84.95         +0.0           112.41         -0.5           126.80         -0.4           123.61         +0.7           90.54         -1.9           75.21         -0.4           138.54         +0.1           70.27         +1.8           159.70         -0.6           153.27         +1.1           159.83         -0.4           107.49         +0.2           118.83         +0.3           138.54         +0.1           70.27         +1.6           153.27         +1.1           159.83         -0.4           125.49         -0.4           125.51         +0.5           146.54         -0.5           146.54         -0.5           103.41         -0.3           157.21         -0.5           135.71         -0.4           117.24         +0.8           155.33         -0.4           127.26         +0.8           135.33         -0.5           125.61         -0.5	US Dollar Index         Oay's Change %         Pound Sterling Index           147.74         +1.7         131.19           84.95         +0.0         75.44           112.41         -0.5         99.82           126.80         -0.4         112.60           123.61         -0.7         109.77           128.69         +0.3         114.28           90.54         -1.9         80.41           75.21         -0.4         66.79           109.84         -1.1         97.54           138.54         +0.1         123.03           70.27         +1.8         62.40           159.70         -0.6         141.82           153.27         +1.1         136.11           159.83         -0.4         91.02           79.69         +2.2         70.77           118.83         +0.3         105.52           130.15         +1.4         115.58           125.31         -0.5         111.28           146.54         -0.5         130.14           116.10         +0.1         103.10           128.75         -0.3         114.33           10.37         -0.5	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	US         Oay's         Pound         Local         Sross         US         Pound         Local         Sross         US         Dollar         Index         1988         1999         111         1988         1999         107.06         101.47         139.89         99.14         102.48         100.69         110.47         139.89         99.14         122.68         100.69         110.89         122.72         111.42         114.28         120.79         132.72         111.42         123.03         136.46         34.49         128.43         123.37         136.30         141.45         104.60         77.77         100.22         4.15         111.08         99.00         111.40         111.88         49.90         111.43         133.77         136.30         141.54         104.60           105.54         -0.4         66.79	

Bape values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (U\$ \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Committee, The Financial Times, Goldman, Sachs & Co., Wood Machanzie & Co., Ltd. 1987



10.5% per annum.

Girobank plc 10 Milk Street LONDON EC2V &H



With effect from the close of business on Monday 18th July 1988 and until further notice. TSB Base rate is increased from 10.00% p.a. to 10.50% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly. TSB Group plc, 25 Milk Street, London EC2V 8LU.

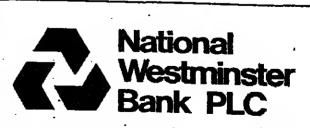


Coutts & Co. announce that their **Base Rate** is increased from 10.00% to 10.50% per annum with effect from the 18th July 1988 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Courts Base Rate will be varied accordingly.



440 Strand, London, WC2R 0OS



NatWest announces that with effect from and including Monday 18th July 1988 its Base Rate is increased from 10.00% to 10.50% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly. 41 Lothbury London EC2P 2BP

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